

CHAPTER III

ASSESSMENT OF COUNTRY CONTRIBUTIONS

This chapter presents the Department's detailed assessment of allied and partner countries' contributions to shared security objectives. Countries are assessed according to the criteria originally specified by the FY 1997 Defense Authorization Act, and also according to measures and methodologies from past reports to ensure a comprehensive, balanced evaluation.

The responsibility sharing targets originally established by the FY 1997 Defense Authorization Act (Title X, Section 1084), and later modified by subsequent acts, are listed below:

- Increase defense spending share of GDP by 10 percent over the previous year, or to a level commensurate with that of the United States;
- Increase military assets contributed or pledged to multinational military activities;
- Increase offsets of U.S. stationing costs to a level of 75 percent by September 30, 2000; and
- Increase foreign assistance by 10 percent over the previous year, or to a level equal to at least one percent of GDP.

In addition to measuring country contributions against these short-term, "pass/fail" targets, this chapter also provides a more comprehensive assessment based on countries' *ability to contribute* and *trends* in country efforts. Also included is an assessment of military personnel and standing forces as key measures of national contributions to shared security objectives. Finally, this chapter addresses U.S. contributions for purposes of completeness and balance.

The following assessments are based on the most recent, complete, and reliable data available. Notes on uses and sources of these figures, and a country-by-country summary of selected responsibility sharing statistics, can be found in the Annex, along with a compendium of supporting data.

DEFENSE SPENDING

The Department has long maintained that any attempt to assess responsibility sharing must consider nations' contributions to the common defense in terms of their *ability to contribute*. This is a sound principle made all the more important by large differences in economic performance, population, and standards of living that exist among our allies.

Chart III-1 shows the wide variations in 1999 per capita GDP among the nations addressed in this Report -- from around \$3,000 in Turkey to nearly \$39,000 in Luxembourg. Given such great disparities in standards of living, "equitable" defense spending among nations may not necessarily mean that each nation should devote the same level of its national wealth to defense. That is, it may be more "fair" for nations with the strongest economies and wealthiest populations to carry a proportionately larger share of the burden of providing for the common defense.

Chart III-1 shows, however, that most of the countries addressed in this Report that have below-average per capita GDP spend above-average shares on defense (such as all of the GCC countries, Turkey, Greece, and the Republic of Korea), while most of those that have above-average standards of living, spend below-average shares of their GDP on defense (including Luxembourg, Norway, Denmark, Japan, Germany, Belgium, and the Netherlands).

Chart III-1
Defense Spending as a Percentage of GDP vs. Per Capita GDP
1999

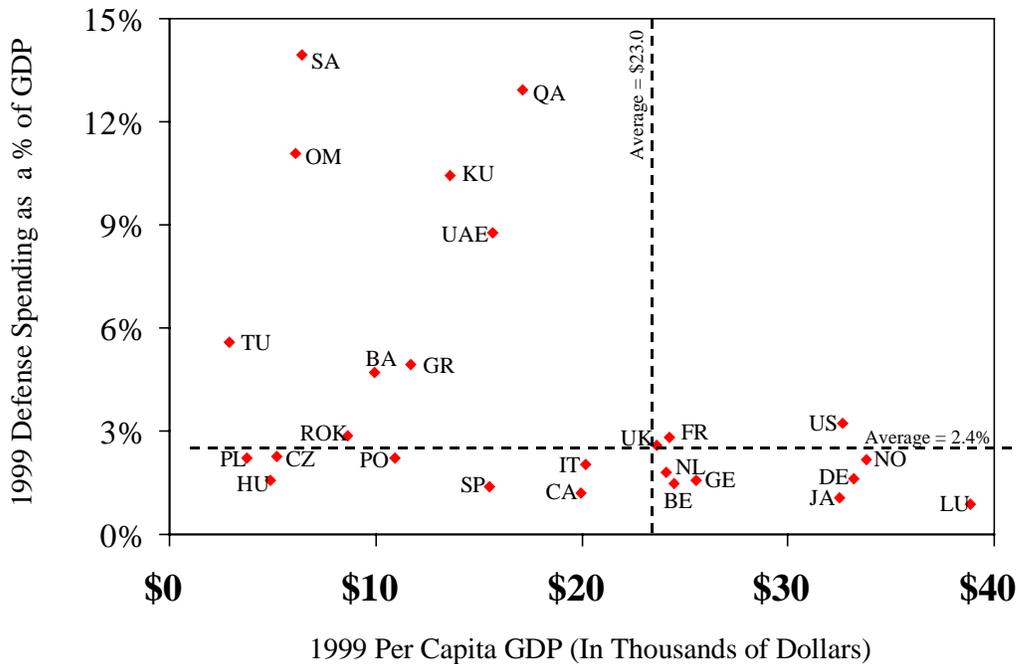


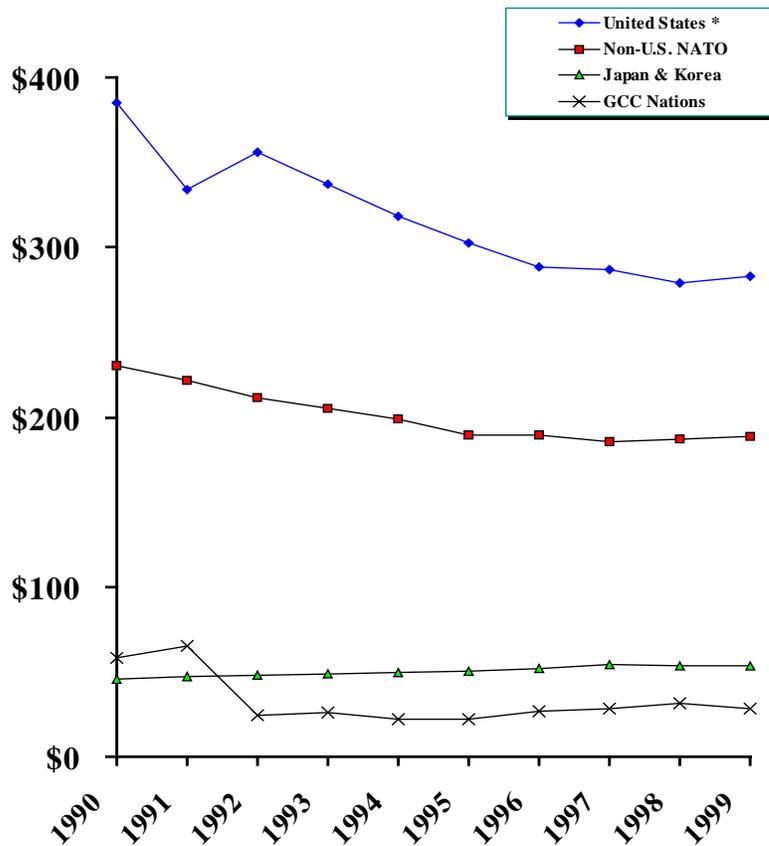
Chart III-2 depicts 1990-1999 defense spending trends for the United States, our NATO and Pacific allies, and our GCC partners. The chart shows that, during this period, the United States experienced the steepest decline in defense spending, while our NATO allies' overall defense spending fell steadily, but much less sharply. Both United States and NATO allied defense spending grew slightly in 1999. Modest but steady growth in defense expenditures is shown for our Pacific allies from 1990-1999. Following the Gulf War, our GCC partners defense expenditures grew until 1999, when defense spending fell slightly.

Budgetary pressures continue to strain defense programs in the United States and among our allies. Economic factors have exacerbated these pressures in Europe (rigorous European Monetary Union criteria and continuing high unemployment) and the Pacific (slowly recovering from the 1997 financial crisis).

Excluding the GCC countries, whose defense spending in 1990-1991 was seriously distorted by the Gulf War, combined real defense spending for all nations addressed in this Report dropped by over 20 percent between 1990 and 1999, reflecting adjustments to the post-Cold War security environment. The largest declines during this period were experienced by Germany (-30 percent), the United Kingdom (-29 percent), Canada (-27 percent), Belgium (-27 percent), and the United States (-26 percent). The Czech Republic, Poland and Hungary also experienced very substantial decreases in defense spending over the past decade, though it must be noted that these nations maintained unusually high levels of defense spending while members of the Warsaw Pact. In contrast, several nations achieved real increases in their defense budgets over this period – Luxembourg (40 percent), Turkey (37 percent), Greece (26 percent), the Republic of Korea (17 percent), Japan (17 percent), and Portugal (1 percent).

Looking more specifically at defense spending trends in the past year we see that, between 1998 and 1999, fourteen of the countries addressed in this Report achieved real defense spending growth, with the biggest gains posted by the United Arab Emirates (22 percent), the Czech Republic (8 percent), Hungary (7 percent), Turkey (6 percent), Luxembourg (5 percent), Greece (4 percent), Portugal (4 percent), and Spain (4 percent). Refer to Table E-4 in the Annex for further information on defense spending trends.

**Chart III-2
Defense Spending
1999 Dollars in Billions - 1999 Exchange Rates**



* NOTE: U.S. defense outlays in 1991 were artificially depressed due to large allied cash contributions credited for Operation Desert Shield/Desert Storm.

Certain expenditures outside of defense budgets also promote shared security interests, and should be recognized – such as Germany’s investments in the infrastructure of eastern Germany, and its financial support for economic and political reform in the new democracies of Central Europe. Nonetheless, it is essential that our allies maintain their defense budgets at appropriate levels, in order to ensure that they remain able to field effective military forces. In our discussions with allies and partners, the Department continues to urge sustained efforts in this area.

Defense Spending as a Percentage of GDP

Defense spending relative to GDP combines the most comprehensive indicator of defense effort with the most comprehensive indicator of ability to contribute. However, this indicator should not be viewed in isolation from other national contributions to shared security objectives.

Chart III-3 shows the percentage of GDP spent on defense by the United States and its allies in 1999. (Trend data since 1990 are found in the Annex in Table E-5.) The 1999 data exhibits the same pattern that it has throughout the 1990s: the GCC nations, along with Greece and Turkey, spent the highest percentage of GDP on defense, while Japan, and several of our NATO allies (Luxembourg, Canada, Spain, Belgium, Germany, Hungary, and Denmark) spent the lowest share of GDP on defense.

- Since 1990, U.S. defense spending relative to GDP has declined from over 5.3 percent to 3.2 percent. During this same period, non-U.S. NATO defense spending relative to GDP fell from 3.1 percent to 2.1 percent.
- In 1999, Turkey (5.6 percent) and Greece (4.9 percent) once again exceeded all other NATO nations in defense spending relative to GDP, and Turkey was also one of the seven Alliance members that experienced growth in this indicator (25 percent) during 1999 – the others were the Czech Republic (7 percent) Greece and Hungary (1 percent each); and Portugal, Luxembourg, and France (less than 1 percent each).
- Among NATO nations, France and the United Kingdom are consistently near the top in terms of their defense spending as a share of GDP, trailing only Turkey, Greece, and the United States in this measure during 1999. On the other hand, Germany – which ranked sixth among NATO nations in this indicator at the end of the Cold War – now ranks 14th, ahead of only Belgium, Spain, Canada, and Luxembourg.
- Although the percentage of GDP that Japan spent on its defense forces remained around one percent in 1999, Japanese defense spending remains the second highest of all the countries in this Report, after that of the United States. The Republic of Korea's 1999 defense spending and defense spending/GDP ratio both declined from 1998 levels.
- The United Arab Emirates increased the share of GDP dedicated to defense to nine percent in 1999, and had the second highest relative increase in this ratio (19 percent) of any of the nations covered in this Report. Although none of the other GCC nations increased their defense spending to GDP ratios over 1998 levels, Saudi Arabia, Qatar, Oman, and Kuwait, in addition to the United Arab Emirates, had the highest 1999 defense spending/GDP ratios of all the nations in this Report.

The dashed vertical line shown on Chart III-3 represents the level at which a nation's share of total allied defense spending equals its share of total allied GDP (i.e., the ratio between them is 1-to-1). It therefore provides insight into the issue of equity among countries' defense efforts, by allowing contributions to be compared with ability to contribute. For example, the line almost intersects the top of the bar shown for the United Kingdom, which signifies that the United Kingdom's share of total defense spending (contribution) is roughly commensurate with its share of total GDP (ability to contribute). Thus, in the area of defense spending, the United Kingdom is doing roughly its "fair share" among the countries addressed in this Report. The United States and those countries shown above it on this chart (i.e., Turkey, Greece, and the

GCC countries) are doing substantially more than their “fair share,” with defense spending contributions in excess of their respective GDP shares by 20 percent or more. Conversely, the Netherlands and those countries listed below it on this chart (Denmark, Hungary, Germany, Belgium, Spain, Canada, Japan, and Luxembourg) have defense spending shares that are more than 20 percent below their GDP shares. See Section C of the Annex for statistics relating to countries’ contributions relative to their ability to contribute.

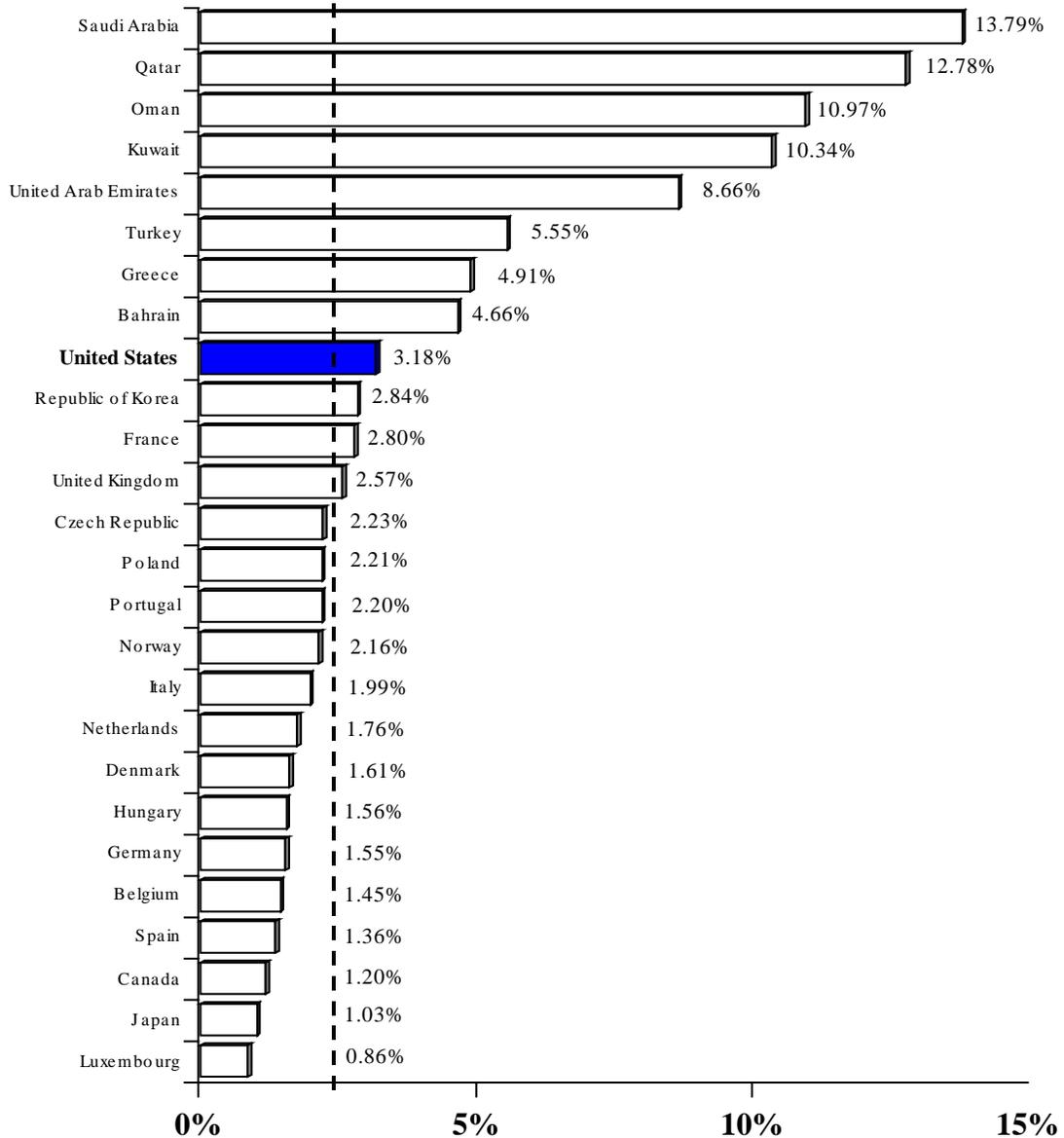
Assessment of Defense Spending Contributions

In the FY 1997 Defense Authorization Act, Congress established two objectives for allied nations in the area of defense spending relative to GDP: either increase this ratio by 10 percent compared to the preceding year, or achieve a level of defense spending as a percentage of GDP at least commensurate with that of the United States. In 1999, eight nations addressed in this Report met one or both of these targets: Turkey and the United Arab Emirates increased their defense spending/GDP ratio by more than 10 percent in 1999, while all the GCC nations, along with Turkey and Greece, committed larger GDP shares to defense than did the United States.

The targets originally identified in the FY 1997 Defense Authorization Act are a sound basis upon which to assess country efforts. However, when consideration is given to the ratio between defense spending share and GDP share, the United States joins the eight countries listed above in making a substantial responsibility sharing contribution in the area of defense spending (see Chart III-3).

These assessments are summarized in Chart I-1 and I-2.

Chart III-3 Defense Spending as a Percentage of GDP 1999



Dashed line depicts the level at which a nation's share of total allied defense spending equals its share of total allied GDP (i.e., the defense spending to GDP ratio is 1-to-1). Countries at this level are contributing their "fair share" of defense spending. Countries above this level are contributing beyond their "fair share," and conversely.

See Annex, Section C.

MULTINATIONAL MILITARY ACTIVITIES

As highlighted in the current *National Security Strategy for a New Century* (December 1999), a diverse set of political, economic, and ethnic instabilities continue to threaten regions of vital strategic interest to the United States. Our strategy has three principal objectives: to *shape* the security environment, *respond* to potential crises, and *prepare* to meet future uncertainties. A key element in this integrated approach is to maintain and improve our ability, and that of our allies, to respond rapidly and multilaterally both to conventional military aggression and to lesser threats that endanger common interests. Enhancing capabilities to conduct multinational peacekeeping and humanitarian relief operations is particularly important, since operations of these types have been proliferating since the end of the Cold War. During the past two years, for example, U.S. and allied military personnel served in such operations in East Timor, Kosovo, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Cyprus, Lebanon, the Golan Heights and Sinai Peninsula, Tajikistan, along the India-Pakistan and Iraq-Kuwait borders, and in the Western Sahara, Sierra Leone, and the Democratic Republic of the Congo.

The Department's assessment of countries' contributions to multinational military activities addresses the military forces they have pledged to provide both for multinational peacekeeping and humanitarian relief operations, and for multinational defense missions. This assessment also considers participation in and funding for ongoing UN peace support operations.

Multinational Reaction Forces

Of the countries covered in this Report, our NATO allies make by far the most substantial contributions of specialized units earmarked for multinational military missions. In accordance with NATO's post-Cold War strategic concept, Alliance members have begun to develop forces that can be rapidly transported to remote theaters of operations; function despite a lack of pre-established lines of communication and host nation support; and fight effectively in multinational formations at the corps and even division level. NATO has organized these capabilities into its Reaction Forces, which include multinational commands and formations such as the Allied Command Europe (ACE) Mobile Force (Land) and the ACE Rapid Reaction Corps (ARRC) (see Chart III-4) for ground forces, and the Immediate and Rapid Reaction Forces (Air).

CHART III-4

Country Contributions to ACE Rapid Reaction Corps (ARRC)*

NATO Member	Maneuver Brigade Equivalents	Independent Support Brigade Equivalents
Belgium	1	
Czech Republic	1	0.1
Denmark	1	0.1
Germany	3	
Greece	3	
Hungary	1	0.3
Italy	5	1.0
Netherlands	1	0.7
Poland	1.3	0.7
Portugal	1	
Spain	3	
Turkey	3	0.3
United Kingdom	11.7	7.3
United States	3	2.7
TOTAL	39.0	13.2

* Data reflects publicized plans. All national contingents may not be immediately available.

With the exception of Iceland (which has no armed forces) and France (which is covered separately below), all NATO nations which do not contribute to the ARRC do provide forces for the ACE Mobile Force – Land. This is a brigade-sized Immediate Reaction Forces formation consisting of about 5,000 troops supplied by 14 NATO nations. Canada contributes an infantry battalion group and Luxembourg an armored reconnaissance company. Norway currently provides the 900-strong Telemark Infantry Battalion, but is considering increasing its contribution to 2,100 through the addition of a tank company, a reconnaissance company, a military police platoon, and engineering and movement control elements.

NATO also maintains standing maritime Immediate Reaction Forces. The Standing Naval Force Atlantic (STANAVFORLANT) consists of six to ten destroyers and frigates, with Canada, Germany, the Netherlands, the United Kingdom, and the United States each contributing one ship on a permanent basis. These are joined periodically by ships from Belgium, Denmark, Norway, Portugal, and Spain. The Standing Naval Force Mediterranean (STANAVFORMED) is organized and operates along similar lines, with destroyers and frigates provided by Germany, Greece, Italy, the Netherlands, Spain, Turkey, the United Kingdom, and the United States. Finally, there is a multinational minesweeping force, the Standing Naval Force Channel (STANAVFORCHAN).

NATO's Reaction Forces are intended, first and foremost, to protect Alliance territory against military aggression and other challenges to collective security. However, recent operations in the former Yugoslavia demonstrate that NATO's Reaction Forces are capable of meeting European contingencies beyond the Alliance's borders. This capability will be enhanced as national restructuring efforts progress and NATO's Combined Joint Task Force (CJTF) concept continues to mature.

France makes no Reaction Forces contributions because it does not participate in NATO's integrated military command structure. However, it maintains large, well-equipped rapid-reaction forces under national command. The naval component is represented by the *Force d'Action Navale (FAN)*, comprising an aircraft carrier, nine surface combatants, three amphibious ships, and several nuclear attack submarines and replenishment auxiliaries. Until 1996, the all-professional *Force d'Action Rapide (FAR)* comprised the ground reaction forces, while the rest of the French Army was limited to homeland defense by political strictures against deploying conscripts abroad without their consent. However, in February 1996, President Jacques Chirac announced an end to conscription as part of a major restructuring of all three services. When this restructuring is complete in 2002, the entire French Army will effectively have been transformed into a deployable, all-professional reaction force. The new, 136,000-strong force structure will be able to deploy 50,000 troops, whereas the former 238,000-strong force could deploy only 10,000.

Japan and the Republic of Korea have no counterparts to the large, multinational reaction forces provided by our NATO allies. This reflects the very different security situation in Northeast Asia, the bilateral character of our security relationships with the two countries, and the fact that U.S. responsibility sharing policy in this region places greater emphasis on cost sharing than on global military roles and missions. Nevertheless, Japan agreed to assume a larger role in regional affairs in the U.S.-Japanese Joint Declaration on Security in April 1996, and the Republic of Korea has increased its contributions to collective defense through force modernization and the assumption of greater command responsibilities for combined U.S.-ROK forces.

The United States encourages its GCC security partners to strengthen their provisions for multilateral defense of the Gulf region. However, post-Gulf War plans to expand the GCC's standing, brigade-sized Peninsula Shield Force (which is deployed in northeastern Saudi Arabia, near the Iraqi border) to over 20,000 personnel have not yet been implemented, and the existing

formation is not maintained at full strength. However, progress has been made in recent years toward establishing an integrated regional air defense system. The United States is also working with the GCC to overcome impediments to closer military cooperation with other Arab nations.

In order to allow more direct comparisons among nations, and provide insight into what constitutes equitable contributions, Chart III-5 depicts each nation's share of multinational reaction forces (average of ground, naval, and air forces) relative to its share of GDP. Over half the nations had shares significantly (at least 20 percent) greater than their GDP shares: Greece, Turkey, Hungary, Poland, the Netherlands, Portugal, Denmark, the United Kingdom, Bahrain, Belgium, Spain, Norway, Kuwait, Qatar, Italy, and France. These nations provided disproportionately large shares of multinational reaction forces relative to their GDP shares. In contrast, there were five nations whose reaction forces shares were more than 20 percent below their GDP shares, including Canada, the United States, the United Arab Emirates, Saudi Arabia, and the Czech Republic.

Percentage changes in each country's ratio from 1998 to 1999 are also listed on the chart. These show that Poland, Germany, the Netherlands, Canada, Greece, Denmark, Portugal, and the United Kingdom all achieved increases in excess of five percent in this indicator, with several other nations registering smaller gains.

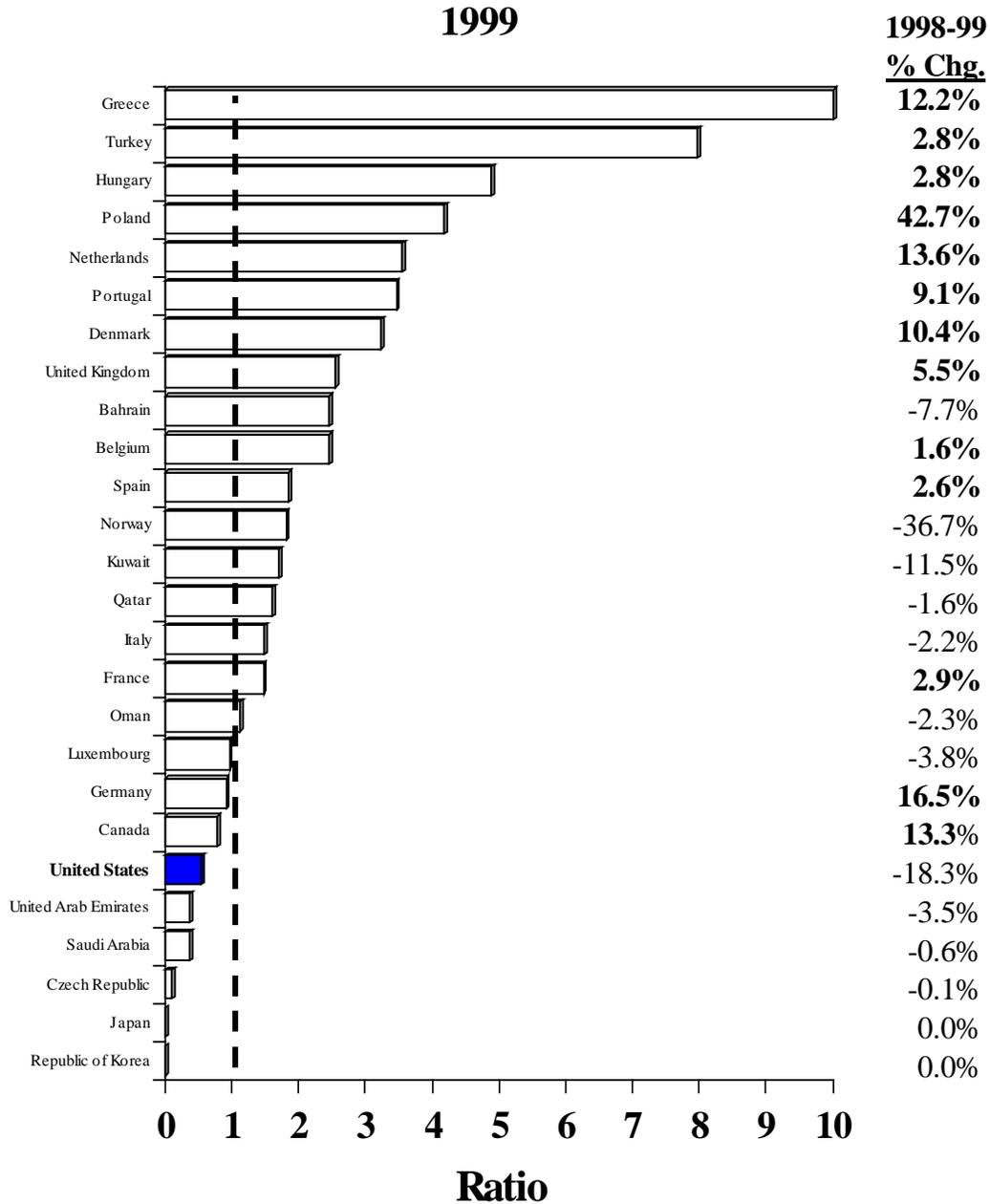
However, Chart III-5 cannot portray *qualitative* improvements in multinational reaction forces. Germany, for example, established its tri-service Crisis Reaction Forces (*Krisen-Reaktions-Krafte*, or *KRK*) in 1995. The 56,000-strong *KRK* – which comprise six combat aircraft squadrons, six maneuver brigades, and a large naval contingent – are structured and equipped for rapid deployment, and manned exclusively by regulars and volunteers.

Similar programs designed to create high-readiness, all-volunteer formations configured for rapid deployment (including beyond NATO's borders) are underway in several other NATO nations. Greece has transformed its Army Corps B into a Rapid Reaction Force (RRF) comprising a mechanized division, an army aviation brigade, a parachute regiment, a commando regiment, a marine brigade and a special support brigade. The Italian Army has likewise converted its 3rd Corps HQ into a Projection Forces (*Forze di Poiezione*, or *FOP*) headquarters that commands three all-professional brigades and an amphibious regiment. Even before this transformation was complete, it provided the core HQ that commanded the Italian-led peace operation in Albania during 1997.

The United Kingdom's 1998 Strategic Defense Review detailed plans to combine all deployable, high-readiness assets in the new Joint Rapid Reaction Forces (JRRF). Another planned enhancement involves the conversion of the 5th Airborne Brigade into a mechanized brigade. This will establish a force structure of six heavy brigades in two divisions, each of which will be capable of maintaining one brigade at high readiness and another in collective training, while contributing a third to contingency operations such as KFOR. The Strategic Defense Review also calls for the addition of 2,000 new regular combat support and combat service support personnel to enhance Britain's capability to engage in contingency operations without mobilizing large numbers of reservists.

In addition to these efforts to improve national reaction forces, NATO has created a multinational Combined Amphibious Force-Mediterranean (CAFMED) in order to accelerate and coordinate its response to potential crises in its Southern Region. Unlike STANAVFORLANT and STANAVFORMED, CAFMED is not a permanently-constituted formation. Instead, in the event of crisis it would assemble a force of up to a division size (tailored to the requirements of a particular contingency) from an on-call pool of British, Dutch, Greek, Italian, Spanish, Turkish, and U.S. marines and amphibious vessels.

Chart III-5 Reaction Forces Share Relative to GDP Share



A ratio around 1 indicates that a country’s contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its “fair share,” while a ratio below 1 means contributions are not commensurate with ability to contribute.

Ground Combat Forces Available for Multinational Peacekeeping Operations

The multinational reaction forces discussed above can be, and in the case of many NATO Reaction Forces units, have been employed in multinational peacekeeping operations. However, these forces have the primary mission of defending allied territory against conventional military aggression, and lengthy deployments in peacekeeping operations necessarily detract from their readiness and availability for that paramount mission. Accordingly, our allies are generally able to contribute only a subset of their rapid response formations to prolonged multinational peace operations.

Chart III-6 depicts national shares of ground combat forces that could be made available for prolonged multinational peacekeeping missions relative to national GDP shares. These commitments include units reported as available for WEU operations and non-Article V NATO missions, and those pledged to the United Nations under the Standby Arrangements System. As of January 1999, some 82 countries had agreed to maintain over 100,000 military personnel on standby for the UN.

The chart shows that the United Kingdom's peacekeeping forces share is roughly in balance with its share of total GDP, while all other NATO members pledge peacekeeping forces shares that exceed their GDP shares. Turkey stands out well above the rest, pledging a share of forces that exceeds its GDP share by a factor of almost seven. Portugal, Greece, Belgium, the Netherlands, Luxembourg, Poland, Hungary, Norway, the Czech Republic, Denmark, Spain, Italy, and Canada all pledge forces shares two to three times larger than their GDP shares.

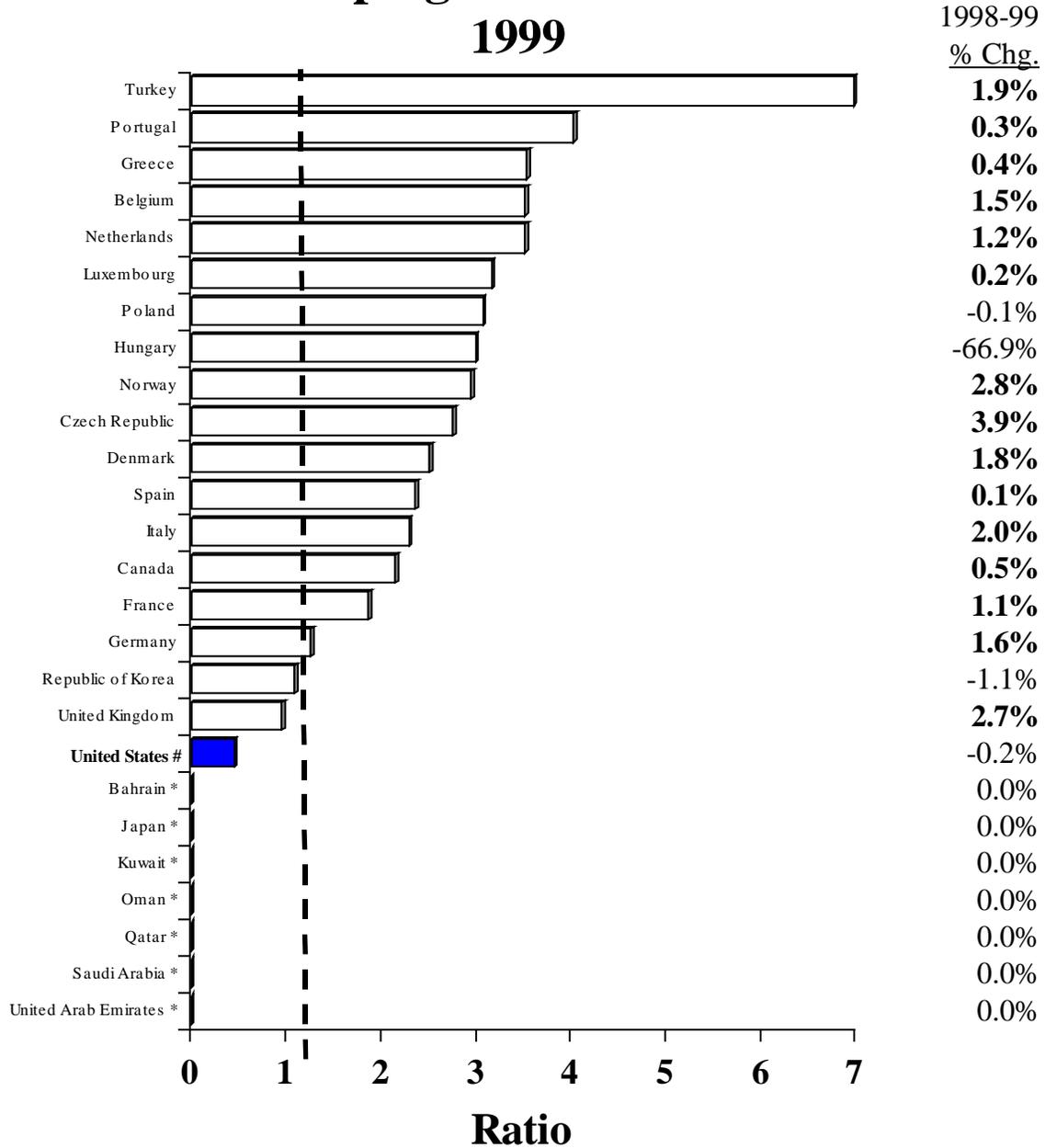
Prior to 1999, the Republic of Korea (ROK) had never contributed combat troops to a peacekeeping operation. However, the ROK has committed troops to the United Nations' Standby Forces, and, during 1999, it sent 419 troops to serve with the International Force in East Timor (INTERFET). For historical and constitutional reasons, Japan avoided deploying its armed forces abroad for nearly five decades. This situation has changed in recent years insofar as Japan has begun to contribute non-combatant units of its Self Defense Forces to UN peacekeeping operations. A small transportation unit is presently serving with the United Nations Disengagement Observer Forces (UNDOF) on the Golan Heights, and a transport aircraft detachment provided refugee relief in West Timor. However, serious obstacles remain to the deployment of Japanese combat units in multinational peacekeeping operations, and thus, no share is shown for Japan on Chart III-6 (which depicts only ground combat units).

No shares appear for any of the GCC nations because no source reports that they have pledged to contribute troops to the UN Standby Forces or – obviously -- to NATO or WEU peacekeeping operations. However, the United Arab Emirates has a battalion serving with KFOR in Kosovo – the first time that a GCC nation has ever provided troops to such an operation – and this may herald a greater willingness to contribute in the future.

The U.S. share depicted on Chart III-6 reflects the American ground troops that were actually involved in multinational peace operations during 1999, rather than troops pledged to be made available for peacekeeping missions. Due to the unparalleled extent of its global military commitments, the United States has made no commitment to provide specific military units for NATO, UN or other multinational peace operations. Instead, it contributes military assets to peacekeeping missions on a case-by-case basis depending on the unique operational requirements. The U.S. data presented on Chart III-6 is therefore included in order to provide a basis for comparing potential United States and allied contributions.

Chart III-6

Share of Ground Combat Forces Available for Peacekeeping Relative to GDP Share



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Refer to the discussion of the U.S. share on page III-11.

* According to available data, nations shown with a ratio of zero have not pledged to contribute any ground combat forces to multinational peacekeeping operations.

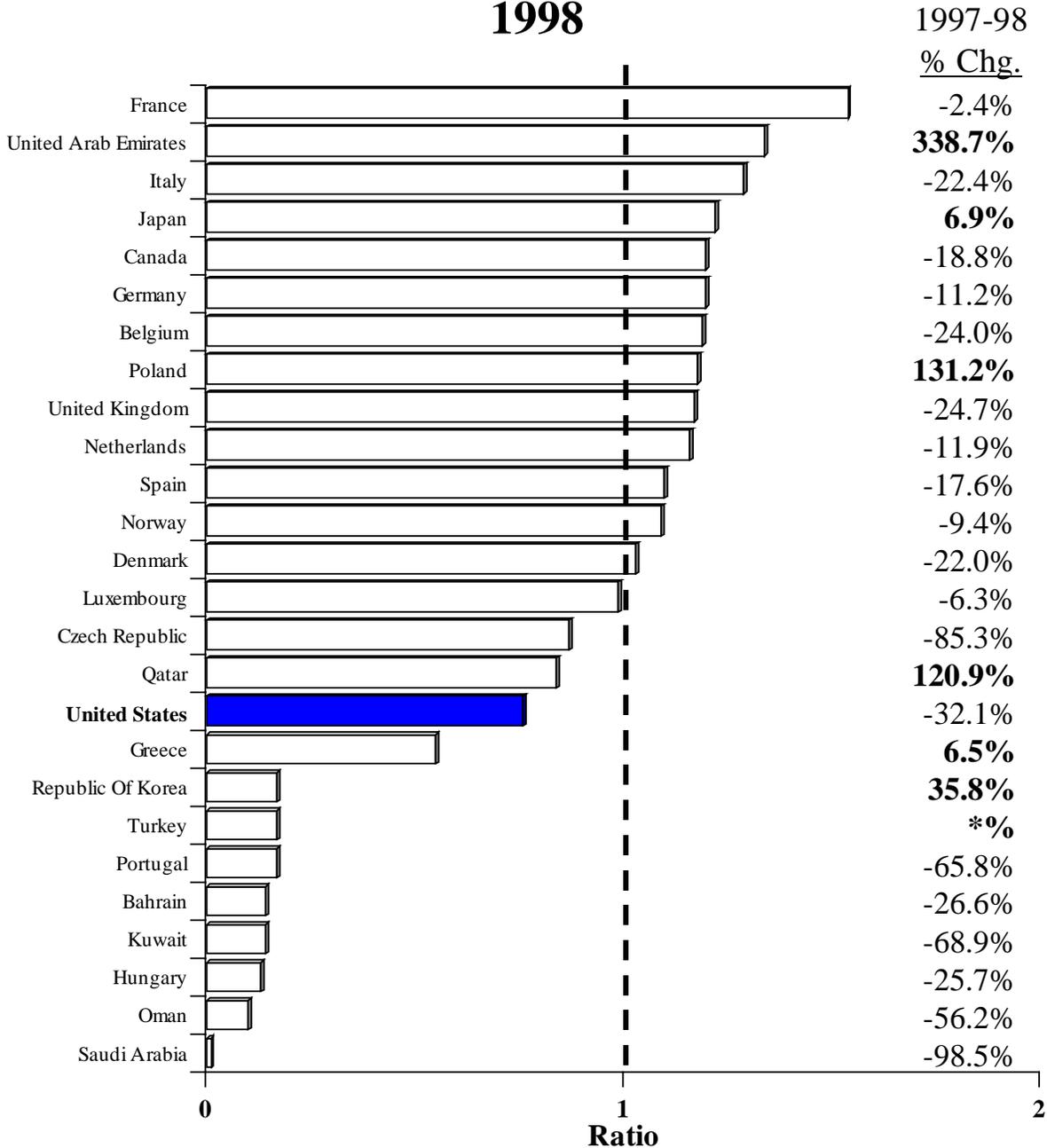
Participation in and Funding for UN Peace Support Operations

A number of our NATO allies make substantial contributions to UN peace support operations relative to their ability to contribute. This is shown in Chart III-7 (which depicts each nation's share of total funding contributed for peacekeeping missions compared to its share of total GDP) and Chart III-8 (which depicts each nation's share of total manpower contributed to peacekeeping missions compared to its share of total labor force).

These charts indicate that Canada and France make funding and personnel contributions to UN peacekeeping missions that are substantially (at least 20 percent) greater than their shares of GDP and labor force. The United Arab Emirates, Italy, Japan, and Germany also make substantial peacekeeping funding contributions relative to their GDP share. Other major contributors of peacekeeping personnel relative to ability to contribute include Poland, Hungary, Denmark, the Netherlands, Norway, the United Kingdom, and Portugal. The funding and personnel contributions of our remaining NATO and Pacific allies are either average or below par, while the remaining GCC nations contribute few or no personnel, and extremely low levels of funding.

Compared to the previous year, only Greece, Poland, and Turkey registered increases in their shares of both funding support and personnel. The United Arab Emirates, Qatar, the Republic of Korea, and Japan all increased their funding support from the previous year. The Czech Republic, Germany, Spain, Canada, the United States, Hungary, and the United Kingdom, increased the number of personnel contributed to UN operations.

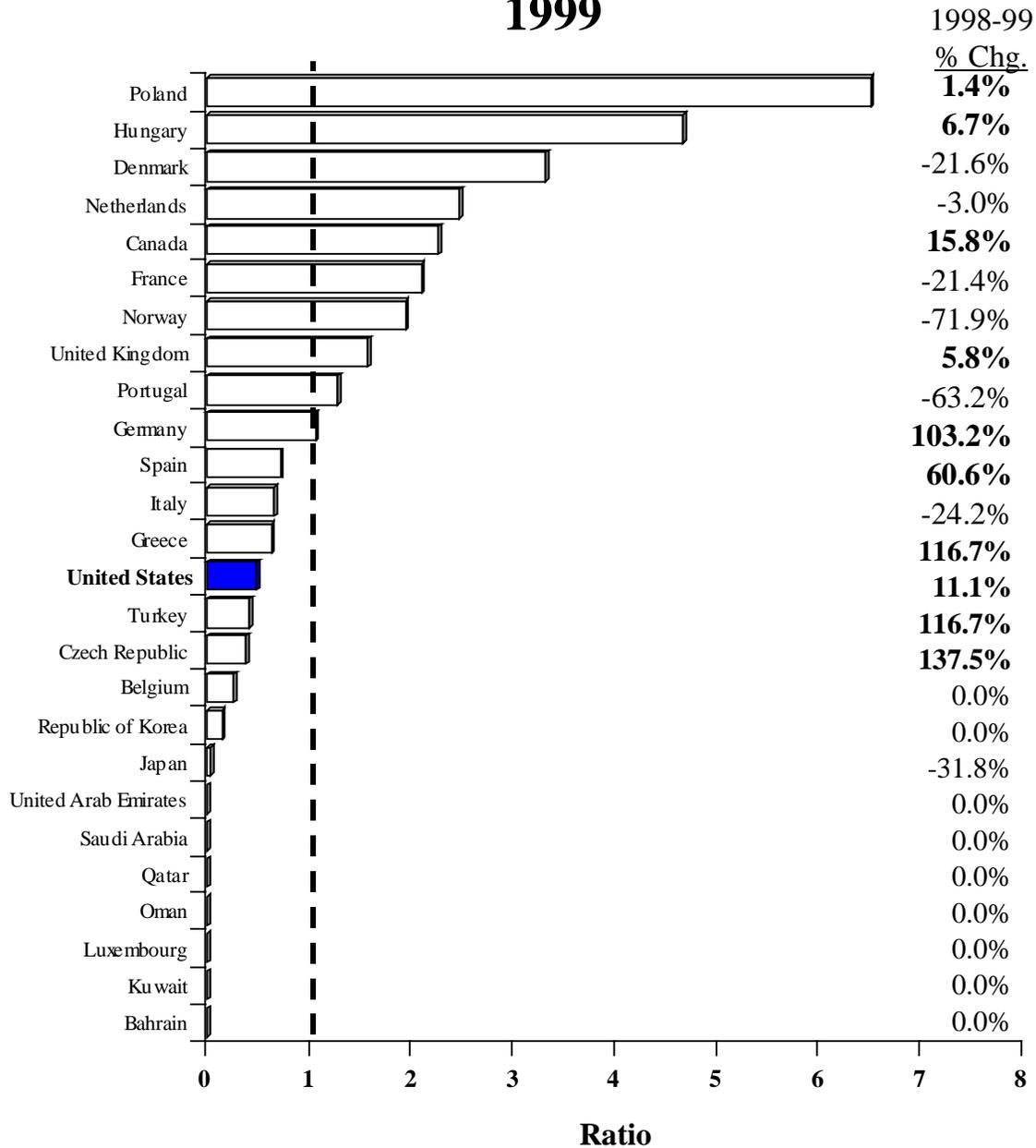
Chart III-7 UN Peace Support Funding Share Relative To GDP Share 1998



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

*Turkey's 1997 peace support funding was extremely low, but funding returning to a normal level in 1998 resulting in a very high percentage change.

Chart III-8 UN Peace Support Personnel Share Relative To Labor Force Share 1999



A ratio around 1 indicates that a country’s contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its “fair share,” while a ratio below 1 means contributions are not commensurate with ability to contribute.

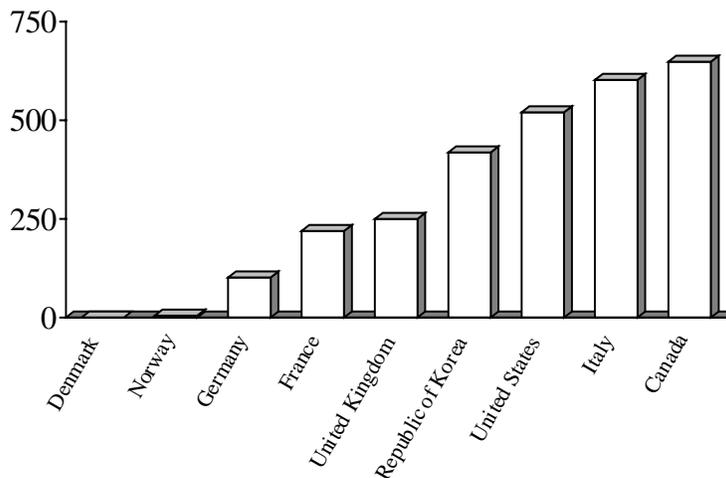
International Force for East Timor (INTERFET)

In August 1999, East Timorese voters overwhelmingly rejected a proposal for special autonomy within the Republic of Indonesia, and instead signaled their preference for independence. Following the announcement of this result, pro-integration militias went on a rampage of violence, looting and arson throughout the entire territory. Untold numbers of East Timorese were killed, and hundreds of thousands were displaced from their homes.

On September 15, 1999, the Security Council authorized the establishment of an International Force for East Timor (INTERFET) that was to restore peace and security, protect and support the United Nations Mission in East Timor (UNAMET) in carrying out its tasks, and to the extent possible, facilitate humanitarian assistance operations. INTERFET would operate under a unified command structure headed by Australia.

INTERFET personnel began deploying to East Timor on September 20, 1999. Australia contributed the bulk of the troops, deploying approximately 5,400 personnel. Nineteen other nations also deployed troops and support personnel in East Timor, including the United States, seven NATO allies, and the Republic of Korea. The United States committed no combat troops in East Timor, but provided communications personnel, intelligence analysts, logistics planners, civil-military liaison officers, heavy-lift helicopter support, and cargo handlers and crews for the airlift of other nations' troops and equipment.

Maximum Troop Contributions To INTERFET



In February 2000, INTERFET began handing over command of the peacekeeping mission to the United Nations Transitional Administration in East Timor (UNTAET). The UNTAET force will consist of up to 8,950 troops, 200 military observers, and 1,640 civilian police officers. UNTAET is an integrated, multidimensional peacekeeping operation fully responsible for the administration of East Timor during its transition to independence.

Assessment of Multinational Military Contributions

In the FY 1997 Defense Authorization Act, Congress established an objective for U.S. allies to increase military assets (including personnel, equipment, logistics, and support) that they contribute or pledge to multinational military activities worldwide. Nations registering year-to-year increases in the number of pledged or committed reaction forces, ground combat forces available for peacekeeping, or UN funding or personnel contributions include Canada, the Czech Republic, Germany, Greece, Hungary, Poland, Spain, Turkey, the United Kingdom, Japan, the Republic of Korea, Qatar, and the United Arab Emirates. This is summarized in Chart I-1.

As described elsewhere in this Report, the Department uses a broader perspective when making evaluations of this type, and recognizes those countries whose shares of multinational military contributions substantially exceed their share of GDP or labor force. On this basis, all countries in this Report except the Republic of Korea, Oman, Saudi Arabia, and the United States make significant contributions. This is reflected in Chart I-2.

MILITARY PERSONNEL

Unlike the preceding section, which addressed the critically important subset of nations' forces that are available for multinational military contingencies, this section and the next focus on nations' total military personnel and forces. The Department believes that a nation's total contribution of military personnel and forces is a valid indicator of its commitment to shared security objectives such as deterrence and stability, and should be assessed for purposes of balance and completeness.

Military personnel are one of the most fundamental defense resources that a nation can contribute to shared security objectives. For the purposes of this Report, military personnel contributions are measured using active-duty troop levels, and a nation's ability to contribute is determined by the size of its labor force.

Chart III-9 shows active-duty military personnel as a percentage of labor force from 1990 to 1999. During this period, the U.S. ratio has experienced a slow but steady decline that was somewhat steeper than the decrease among our NATO allies. Following the Gulf War, the GCC countries as a group achieved a notable increase in this ratio through 1995. And, although it recently dropped somewhat from the 1995 peak, the ratio again increased in 1999. Japan and the Republic of Korea combined have the lowest share of labor force on active-duty (1 percent), a level that has remained fairly constant during this period.

Chart III-9
Active-Duty Military Personnel
 As A Percentage of Labor Force

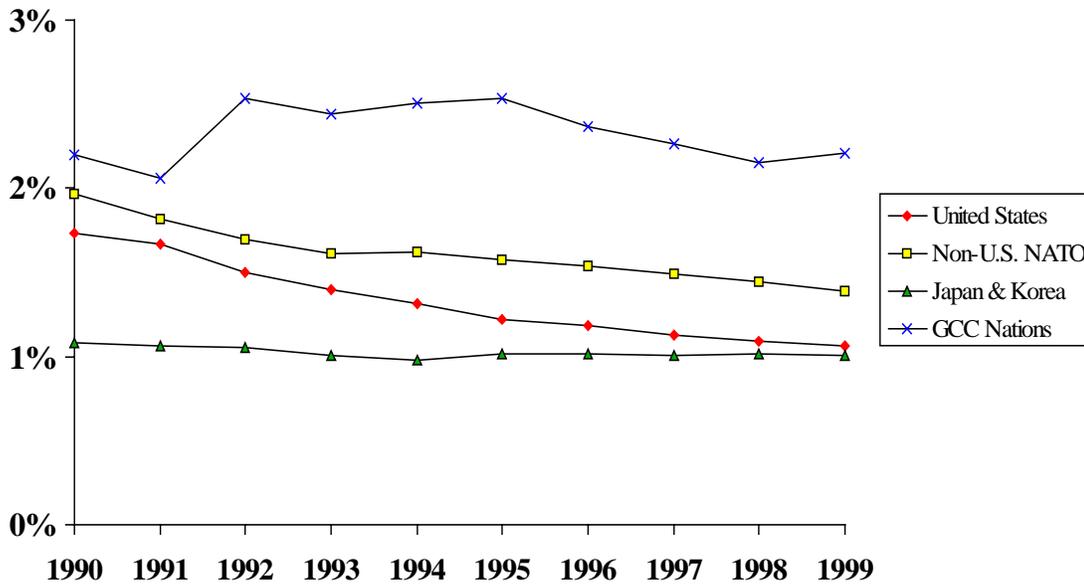


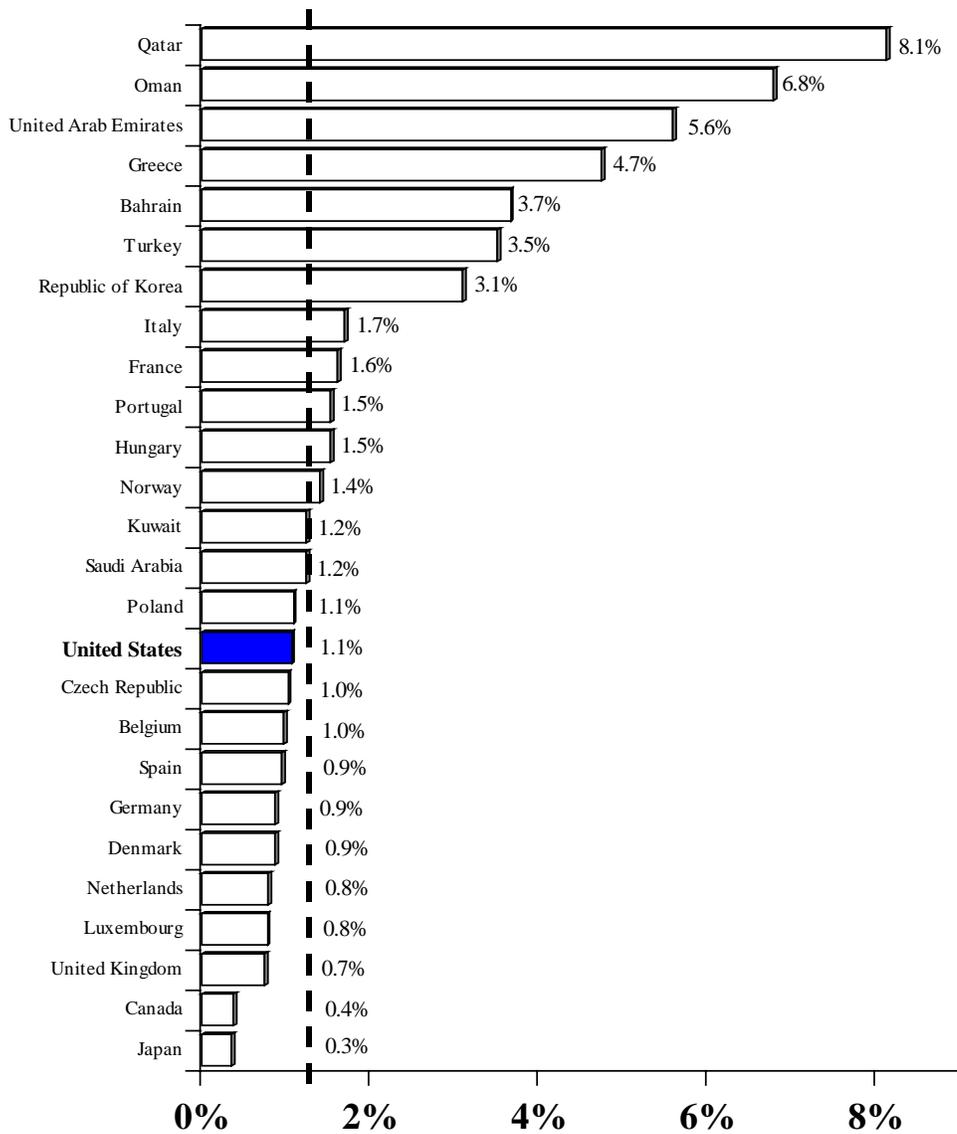
Chart III-10 compares all the countries in the Report in terms of active-duty military share relative to labor force share for 1999. The chart shows that Qatar makes the largest contribution of military personnel relative to ability to contribute, followed by Oman, the United Arab Emirates, Greece, Bahrain, Turkey, and the Republic of Korea. These countries, along with Italy, France, Portugal, and Hungary, each contribute a share of active-duty military personnel significantly greater (roughly 20 percent or more) than their share of labor force. Refer to section C of the Annex for further details.

Congress has not identified a specific responsibility sharing target for military personnel. However, on the basis of the foregoing analysis, the Department assesses that the eleven nations identified in the preceding paragraph are making substantial responsibility sharing contributions in this category. This assessment is summarized in Chart I-2.

Note that this analysis would yield different results if reservists and civilian defense workers were included, based on variations in national policies for personnel utilization. For instance, the ranking of nations that place a greater reliance on mobilizable forces – such as Norway – would improve relative to nations like Canada which have a preponderance of active-duty forces. An expanded analysis of this type is beyond the scope of this Report, however, due to a lack of complete, comparable, and unclassified data on reservists and civilian defense workers.

Chart III-10

Active-Duty Military Personnel as a Percentage of Labor Force 1999



Dashed line represents the level at which a country’s share of total allied active-duty military personnel equals its share of total allied labor force (I.e, the active duty military personnel to labor force ratio is 1-to-1). Countries at this level are contributing their “fair share” of military personnel. Countries above this level are contributing beyond their “fair share,” and conversely.

See Annex, Section C.

MILITARY FORCES

There is no single, comprehensive indicator that reflects *all* of the factors that determine military capability. The material in this section is intended to provide an overview of each country’s force contributions using a few widely accepted measures.

Although Congress has not defined specific responsibility sharing targets for military forces in general, the Department believes that standing military forces represent an important contribution to shared security objectives. Country efforts in this area are summarized in Chart I-2.

Ground Combat Capability

Nations’ ground combat capabilities are measured according to the quantity and quality of their major weapon systems, drawing on static indicators that are widely used within the DoD and NATO. This approach provides more insight into combat potential than do simple counts of combat units and weapons, although it does not consider such factors as ammunition stocks, logistical support, communications, training, leadership, and morale. At this time, there is no generally accepted static measure of ground combat capability that incorporates these factors.

The largest contributors to aggregate ground capability are shown in Chart III-11. The United States provides by far the largest share of ground combat capability of any nation in this Report, followed by the Republic of Korea, Germany, Turkey, Poland, and Greece.

Chart III-11
Ground Combat Capability
1999

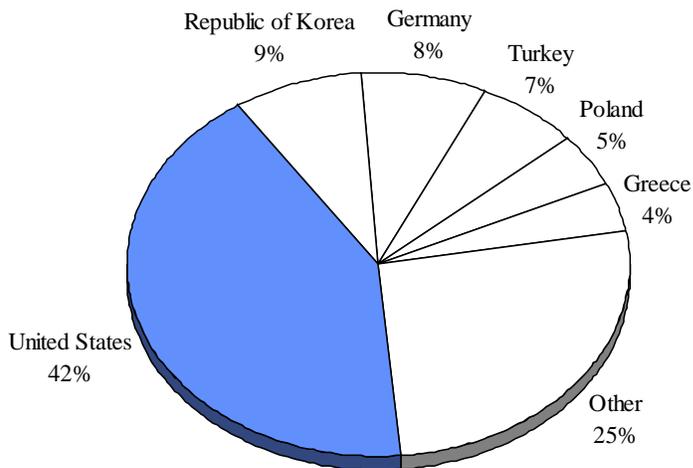
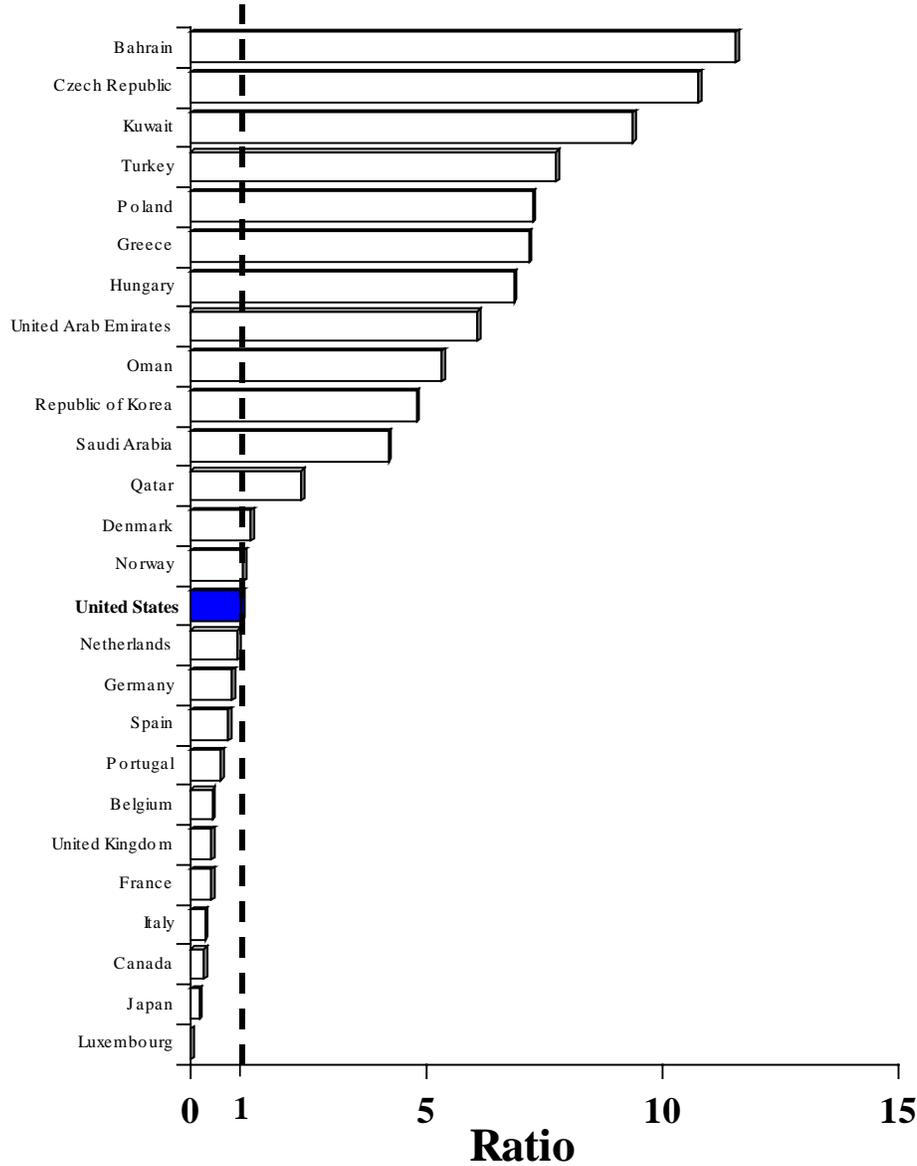


Chart III-12 compares nations' ground combat capability contributions with their ability to contribute. In 1999, thirteen countries contributed shares of ground combat capability significantly (at least 20 percent) greater than their share of total GDP. These include all the GCC countries, led by Bahrain. Among the NATO countries, the Czech Republic, Turkey, Poland, Greece and Hungary make by far the largest contributions in this category. Other nations that contribute significant ground combat capability relative to their ability to contribute are the Republic of Korea and Denmark.

On the basis of the analysis reflected in Chart III-12, the Department assesses that the thirteen nations identified above are making substantial responsibility sharing contributions in the area of ground combat capability.

Chart III-12

Ground Combat Capability Share Relative to GDP Share 1999



A ratio around 1 indicates that a country’s contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its “fair share,” while a ratio below 1 means contributions are not commensurate with ability to contribute.

Naval Force Tonnage

Tonnage is a static measure of aggregate fleet size that provides a more meaningful basis for comparison than do simple tallies of ships. The use of tonnage alone as an indicator does not, however, give any indication of the number of weapons aboard ships, or of the weapons’ effectiveness or reliability. This measure also does not assess the less tangible ingredients of combat effectiveness, such as training and morale. Consequently, tonnage data should be taken as only a rough indicator of naval potential.

Chart III-13 shows the nations with the largest shares of aggregate fleet tonnage (excluding strategic missile submarines) for 1999. Note that the U.S. fleet includes some types of vessels not generally found in most allied navies (e.g., aircraft carriers, fleet support, sealift, and amphibious vessels). As a result, the United States has by far the single largest share of fleet tonnage with nearly 61 percent of the total tonnage of all countries in this Report combined. The next largest tonnage shares are those of the United Kingdom, Japan, France, Turkey, and Spain.

Chart III-13
Naval Force Tonnage
1999

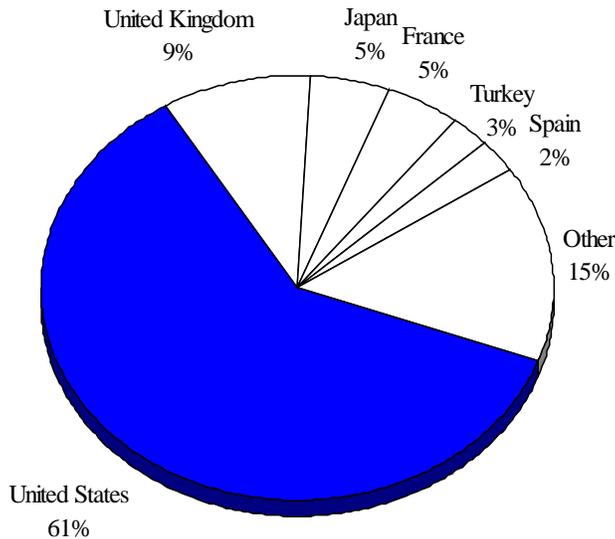
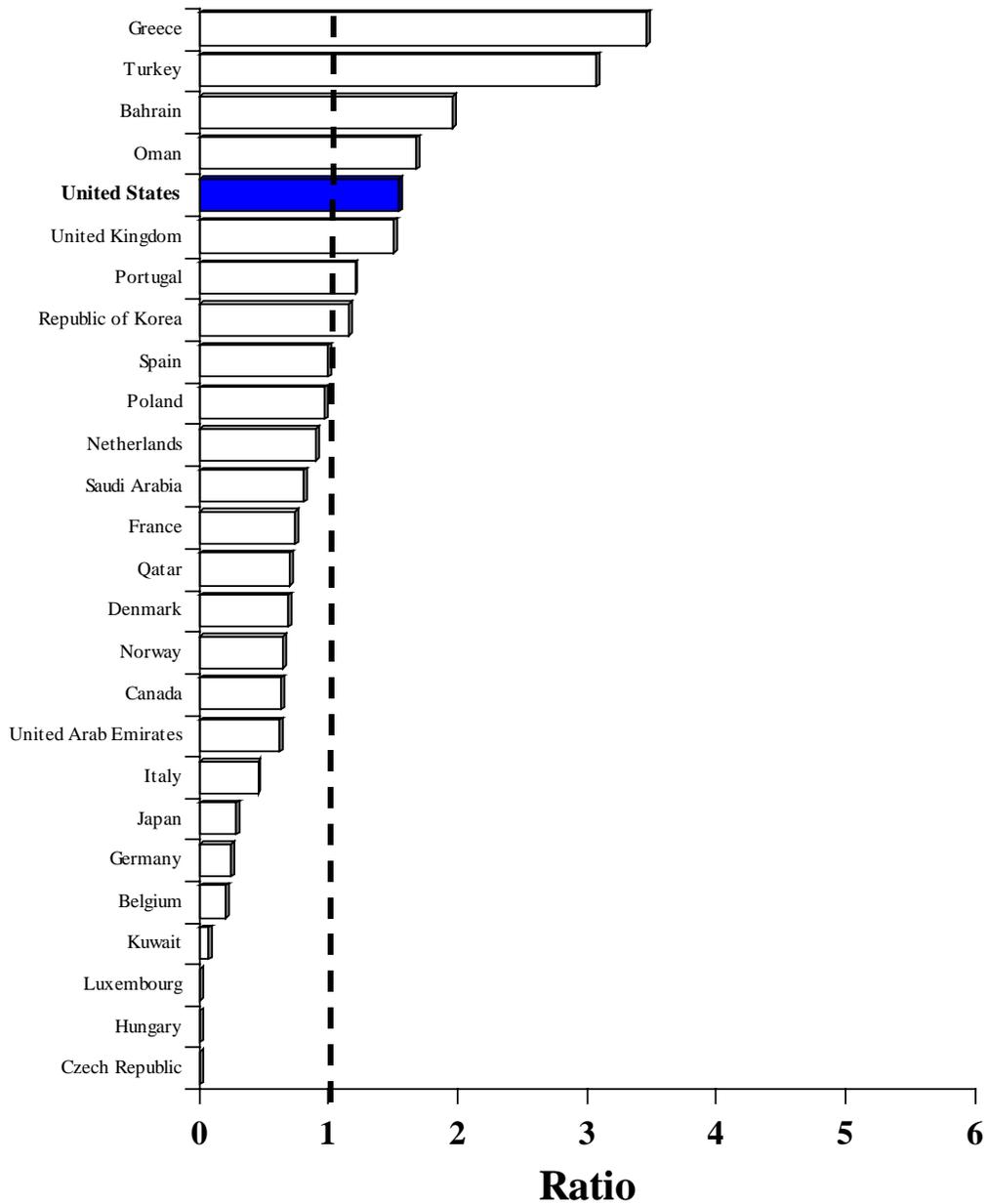


Chart III-14 reflects national shares of total fleet tonnage relative to GDP shares. In 1999, seven countries had shares of naval force tonnage significantly (at least 20 percent) greater than their GDP shares, led by Greece, and including Turkey, Bahrain, Oman, the United States, the United Kingdom, and Portugal. On the basis of this analysis, the Department assesses that these seven nations are making substantial responsibility sharing naval tonnage contributions.

Chart III-14

Naval Force Tonnage Share Relative to GDP Share 1999



A ratio around 1 indicates that a country’s contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its “fair share,” while a ratio below 1 means contributions are not commensurate with ability to contribute.

Tactical Combat Aircraft

Combat aircraft tallies are the best available measure of the strength of nations’ air forces. As with the other force indicators previously discussed, aircraft counts neither measure combat effectiveness, nor take into account factors such as differences in munitions, training, or morale.

Chart III-15 depicts the distribution of tactical combat aircraft among nations addressed in this Report (including air force, naval, and marine assets). The United States possesses over 40 percent of all combat aircraft, followed by France, the United Kingdom, Germany, Italy, and Turkey.

Chart III-15
Tactical Combat Aircraft
1999

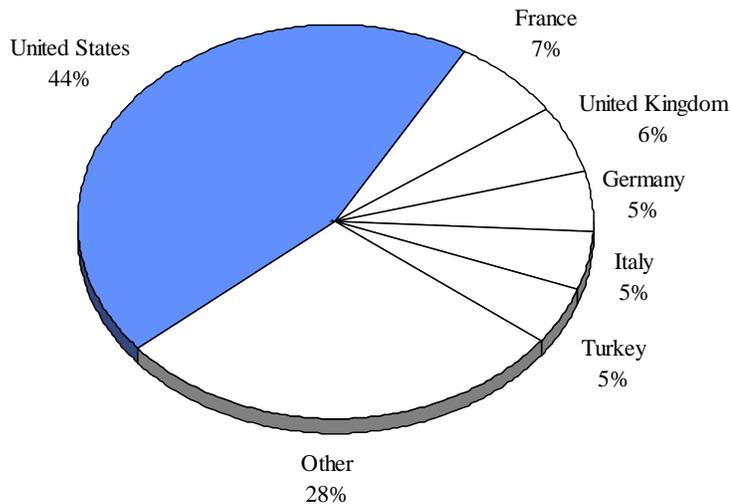
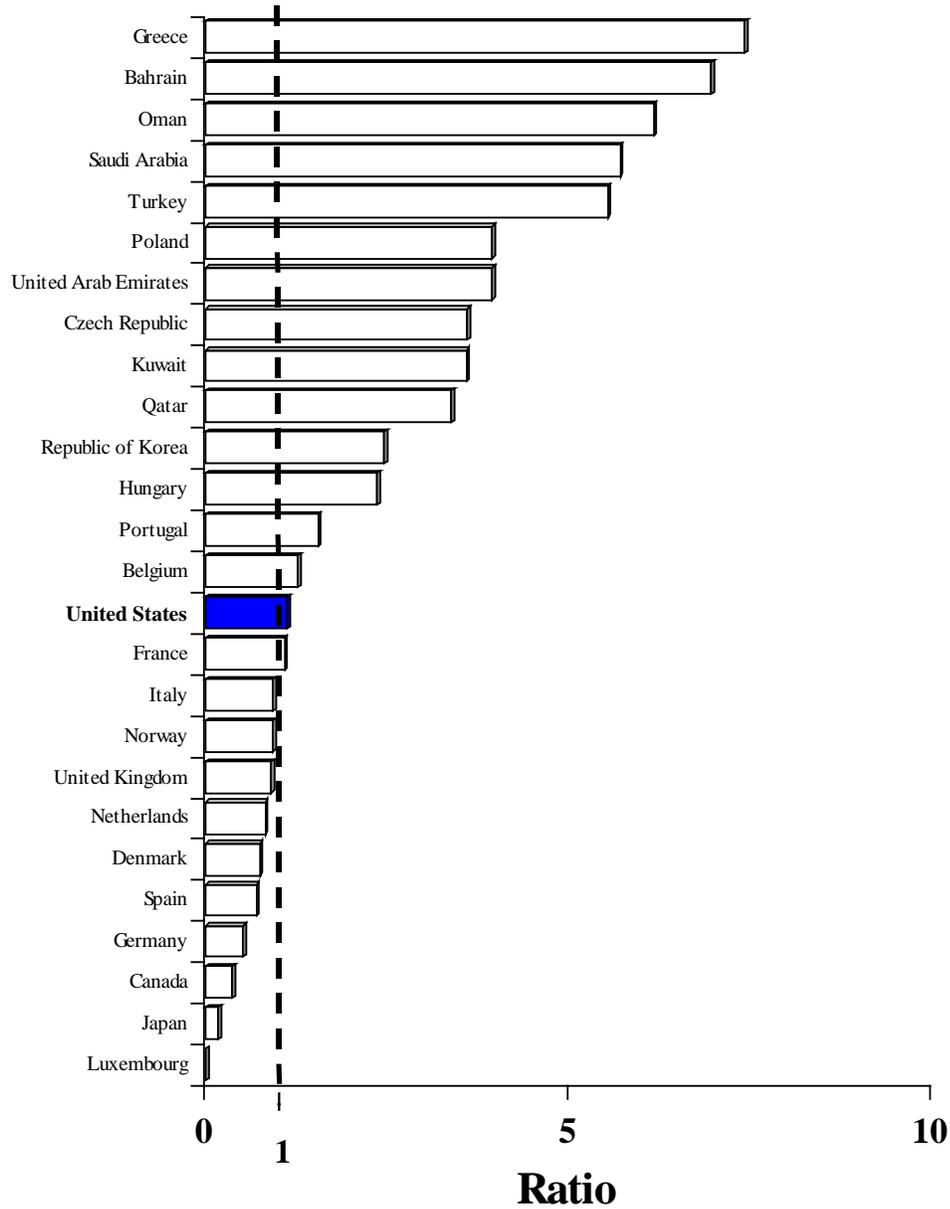


Chart III-16 reflects national shares of the total combat aircraft inventory in relation to GDP shares. A majority of the countries in this Report have combat aircraft shares significantly (at least 20 percent) greater than their GDP shares, led by Greece and Bahrain, and including the other five GCC countries, along with Turkey, Poland, the Czech Republic, the Republic of Korea, Hungary, Portugal, and Belgium. On the basis of this analysis, the Department assesses that these fourteen nations are making substantial responsibility sharing contributions in the area of tactical combat aircraft.

Chart III-16 Tactical Combat Aircraft Share Relative to GDP Share 1999



A ratio around 1 indicates that a country’s contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its “fair share,” while a ratio below 1 means contributions are not commensurate with ability to contribute.

COST SHARING

The most familiar form of cost sharing is *bilateral* cost sharing between the United States and an ally or partner nation that either hosts U.S. troops and/or prepositioned equipment, or plans to do so in time of crisis. The Department of Defense distinguishes between two different types of bilateral cost sharing: the *direct* payment of certain U.S. stationing costs by the host nation (i.e., on-budget host country expenditures), and *indirect* cost deferrals or waivers of taxes, fees, rents, and other charges (i.e., off-budget, foregone revenues).

Cost Sharing Contributions

As shown in Chart III-17, the Department estimates that in 1998 (the most recent year for which data are available) the United States received direct and indirect cost sharing assistance from our NATO, Pacific, and GCC allies totaling over \$7.5 billion.

Cost sharing has been a particularly prominent aspect of our bilateral defense relationships with Japan and the Republic of Korea. As Chart III-17 shows, Japan provides a greater level of direct cost sharing (\$2.9 billion) than we receive from any other ally. Japan's emphasis on direct cost sharing reflects constitutional provisions and other factors that limit the scope of activities of Japan's own armed forces. Refer to Chapter II for additional details on Japanese cost sharing.

The Republic of Korea first agreed to contribute to a program for Combined Defense Improvement Projects (CDIP) construction in 1979 – which marked the beginning of our present cost sharing relationship. In 1988, the Republic of Korea agreed to a CDIP program funded initially at \$40 million a year. Since that time, annual cost sharing negotiations have brought a gradual increase in ROK contributions. During 1998, the ROK provided \$350 million in direct cost sharing and over \$400 million in additional indirect cost sharing. Further information on U.S.-ROK cost sharing is included in Chapter II.

NATO countries have long provided substantial indirect support for U.S. forces stationed on their territory. Our allies provide bases and facilities rent-free, various tax exemptions, and reduced-cost services. Among NATO allies with the largest cost sharing contributions to the United States in 1998 were Italy (\$1.1 billion) and Germany (\$960 million).

Bilateral cost sharing by our security partners in Southwest Asia during 1998 included over \$330 million paid or pledged by Kuwait, Saudi Arabia, Oman, Qatar, the United Arab Emirates, and Bahrain to offset U.S. incremental costs in the Persian Gulf region. Kuwait and Qatar both host a prepositioned U.S. Army heavy brigade equipment set, and share the land use, maintenance, and operating costs for U.S. forces stationed or exercising on their territory.

Chart III-17

U.S. Stationed Military Personnel & Bilateral Cost Sharing – 1998 1998 Dollars in Millions - 1998 Exchange Rates

	U.S. Stationed Military Personnel (Dec. 30, 1998)	Bilateral Cost Sharing		
		Direct Support	Indirect Support	Total
NATO Allies				
Belgium	1,624	\$0.00	\$58.43	\$58.43
Canada	164	NA	NA	NA
Denmark	38	\$0.02	\$0.06	\$0.07
France	65	NA	NA	NA
Germany	68,820	\$23.29	\$933.68	\$956.97
Greece	431	\$0.01	\$18.95	\$18.96
Italy	10,508	\$0.00	\$1,113.83	\$1,113.83
Luxembourg	9	\$0.00	\$15.00	\$15.00
Netherlands	695	\$0.00	\$3.00	\$3.00
Norway	91	\$4.86	\$0.00	\$4.86
Portugal	1,024	\$0.00	\$4.10	\$4.10
Spain	2,131	\$0.09	\$101.85	\$101.94
Turkey	2,422	\$0.12	\$23.72	\$23.84
United Kingdom	11,166	\$1.30	\$126.23	\$127.53
NATO Allies' Total	99,188	\$29.68	\$2,398.85	\$2,428.53
<u>Pacific Allies</u>				
Japan	40,589	\$2,881.26	\$1,132.10	\$4,013.36
Republic of Korea	36,956	\$349.10	\$402.21	\$751.31
Pacific Allies' Total	77,545	\$3,230.36	\$1,534.31	\$4,764.67
<u>Gulf Cooperation Council (GCC)</u>				
Bahrain	936	\$1.70	\$1.23	\$2.93
Kuwait	5,274	\$171.05	\$4.90	\$175.95
Oman	703	\$0.00	\$44.94	\$44.94
Qatar	36	\$0.00	\$11.00	\$11.00
Saudi Arabia	5,737	\$1.79	\$90.22	\$92.01
United Arab Emirates	387	\$0.06	\$10.38	\$10.43
GCC Allies' Total	13,073	\$174.60	\$162.65	\$337.25
Grand Total	189,806	\$3,434.64	\$4,095.81	\$7,530.44

NA = Not Applicable

In addition to *bilateral* cost sharing, our NATO allies also provide *multilateral* cost sharing, through common- and jointly-funded budgets. These include the NATO Security Investment Program (NSIP); the NATO Military Budget for the operations and maintenance (O&M) of NATO Military Headquarters, agencies, and common-use facilities; and the NATO Civil Budget for O&M of the NATO Headquarters and several non-military programs including civil preparedness. See Chart III-19 at the conclusion of this section for additional detail.

Several recent developments in collective NATO cost sharing are quite favorable to the United States, including savings of nearly \$190 million realized due to continued NSIP funding for certain projects in support of U.S. forces that would not normally be NSIP-eligible (e.g., quality of life facilities at Aviano Air Base, Italy). In addition, the United States stands to gain direct savings from NATO's Collective Cost Sharing initiative, under which the Alliance will offset U.S. O&M costs for prepositioned war reserve equipment and material. Finally, an additional U.S. savings of approximately \$12 million were realized in 1999 due to a reduced U.S. share of the common budgets owing to increased participation by Spain, and the inclusion of the Czech Republic, Hungary, and Poland.

Assessment of Cost Sharing Contributions

In the FY 1997 Defense Authorization Act, Congress established the objective for nations that host U.S. forces to offset 75 percent of U.S. stationing costs through an increase in financial contributions, or the elimination of taxes, fees, or other charges levied on U.S. military personnel, equipment, or facilities in that nation. Chart III-18 shows the nations with the greatest U.S. cost offset percentages for 1998. Note, however, that cost offset percentages cannot be provided for Kuwait, Oman, and the United Arab Emirates due to the lack of complete information regarding U.S. stationing costs in those countries.

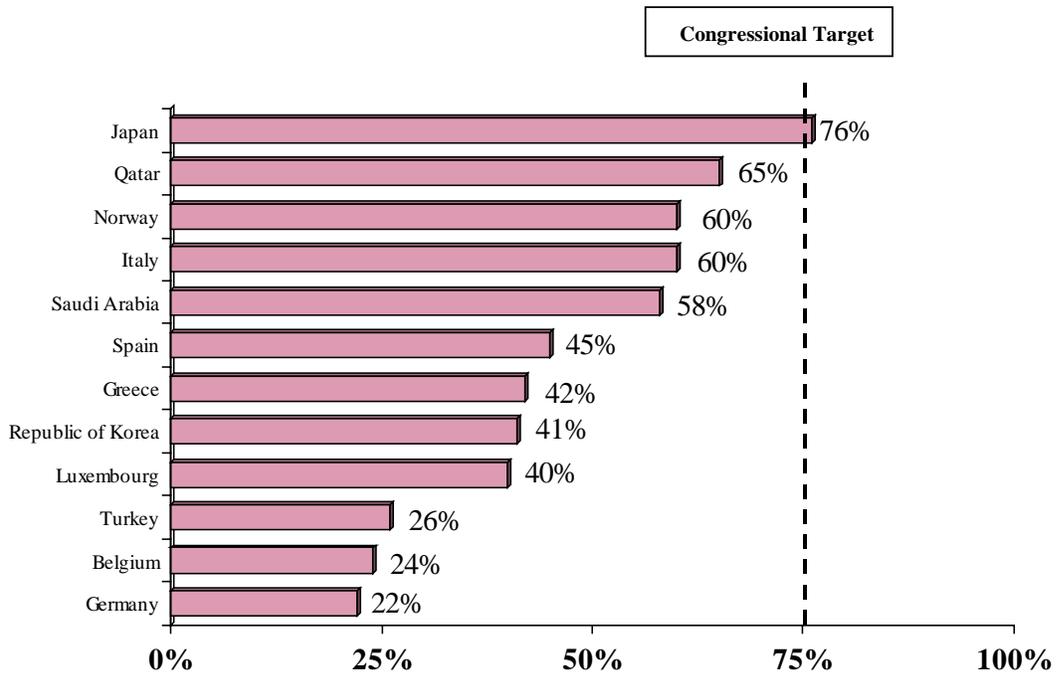
Congress has endorsed the Department's view that cost sharing is but one factor among many that should be considered when assessing allied responsibility sharing efforts. Cost sharing objectives are not appropriate for all countries, due to the differences in the objectives of our security relationships with various allies and partners. For instance, our European allies have no tradition of providing the kind of direct cash and in-kind support provided by Japan and the Republic of Korea, since NATO has for many years concentrated on strengthening participation in the military roles and missions of the Alliance. In contrast, due to the much different security situation in the Pacific, and the unique defense capabilities of Japan and the Republic of Korea, our responsibility sharing policy in this region has emphasized cost sharing rather than global military roles and missions.

Japan is the only country covered in this Report that met the Congressional cost sharing target for 1998. However, Qatar, Norway, and Italy made significant contributions by offsetting 60 percent or more of 1998 U.S. stationing costs.

In addition to measuring cost sharing contributions according to the proportion of U.S. costs that are offset, host nation support can also be evaluated relative to a country's ability to incur cost sharing obligations. When assessed on this basis, the following countries prove to contribute shares of bilateral host nation support to the United States that are substantially (at least 20 percent) greater than their shares of GDP: Kuwait, Oman, the Republic of Korea, Qatar, Japan, Italy, Luxembourg, and Saudi Arabia.

These assessments are summarized in Charts I-1 and I-2.

Chart III-18
Share of U.S. Overseas Stationing Costs Paid by Selected Allies
1998



Multilateral Cost Sharing: NATO's Common-Funded Budgets

NATO's long-standing arrangement for sharing the costs of mutually-beneficial projects is one of the Alliance's oldest and truest tools for promoting responsibility sharing equity. A summary of 1999 outlays by each of the NATO common-funded budgets is provided below, showing each country's contribution and percentage share of costs incurred.

Chart III-19
NATO's Common-Funded Budgets - 1999*
1999 Dollars in Millions - 1999 Exchange Rates

	NATO Security & Investment Program	% of Total	Military Budget	% of Total**
Belgium	21.1	4.6%	15.5	3.1%
Canada	16.1	3.5%	29.0	5.9%
Czech Republic	0.2	0.0%	3.8	0.8%
Denmark	16.9	3.7%	9.2	1.9%
France	34.3	7.5%	29.3	5.9%
Germany	108.0	23.6%	85.5	17.2%
Greece	4.2	0.9%	2.1	0.4%
Hungary	0.1	0.0%	2.7	0.5%
Iceland	0.0	0.0%	0.2	0.0%
Italy	36.1	7.9%	32.9	6.6%
Luxembourg	0.9	0.2%	0.5	0.1%
Netherlands	25.0	5.5%	15.5	3.1%
Norway	13.2	2.9%	6.4	1.3%
Poland	0.5	0.1%	10.3	2.1%
Portugal	1.5	0.3%	3.5	0.7%
Spain	6.5	1.4%	19.5	3.9%
Turkey	4.6	1.0%	8.8	1.8%
United Kingdom	53.6	11.7%	91.3	18.4%
United States	115.2	25.2%	129.7	26.2%
Total	458.0	100.0%	495.7	100.0%

	Civil Budget	% of Total	TO TAL NATO Common Budgets	% of TO TAL**
Belgium	4.4	2.7%	41.0	3.7%
Canada	8.6	5.3%	53.7	4.8%
Czech Republic	1.4	0.9%	5.4	0.5%
Denmark	2.4	1.5%	28.5	2.6%
France	24.7	15.3%	88.3	7.9%
Germany	25.0	15.5%	218.5	19.6%
Greece	0.6	0.4%	6.9	0.6%
Hungary	1.0	0.6%	3.8	0.3%
Iceland	0.1	0.1%	0.3	0.0%
Italy	9.3	5.8%	78.3	7.0%
Luxembourg	0.1	0.1%	1.5	0.1%
Netherlands	4.4	2.7%	44.9	4.0%
Norway	1.8	1.1%	21.4	1.9%
Poland	4.0	2.5%	14.8	1.3%
Portugal	1.0	0.6%	6.0	0.5%
Spain	5.6	3.5%	31.6	2.8%
Turkey	2.6	1.6%	16.0	1.4%
United Kingdom	27.9	17.3%	172.8	15.5%
United States	36.2	22.5%	281.1	25.2%
Total	161.1	100.0%	1114.8	100.0%

*Due to rounding, the numbers shown may not add up to the totals.

**Calculation does not include contributions to the NATO Airborne Early Warning and Control Program.

FOREIGN ASSISTANCE

Foreign assistance plays a prominent role in nations' overall responsibility sharing efforts. Although economic aid does not directly increase U.S. and allied defense capabilities, it makes an important contribution to global peace and stability. For many years, most industrialized NATO countries and Japan have extended various types of assistance to developing countries. In addition, and of special significance in the post-Cold War era, NATO nations, Japan, and the Republic of Korea also provide assistance to the emerging democracies of Central and Eastern Europe, and the Newly Independent States (NIS) of the former Soviet Union.

Foreign assistance is comprised of both *bilateral* aid, assistance given by one nation directly to another, and *multilateral* aid, assistance given by a nation to an international development bank (e.g., the World Bank) or other multinational agency (e.g., the European Commission) that is pooled with other contributions and then disbursed. Multilateral assistance traditionally focuses on projects and programs with longer term objectives beyond providing immediate liquidity – e.g., human resources development, technical assistance, financial infrastructure improvement, and poverty reduction.

Foreign Assistance Contributions

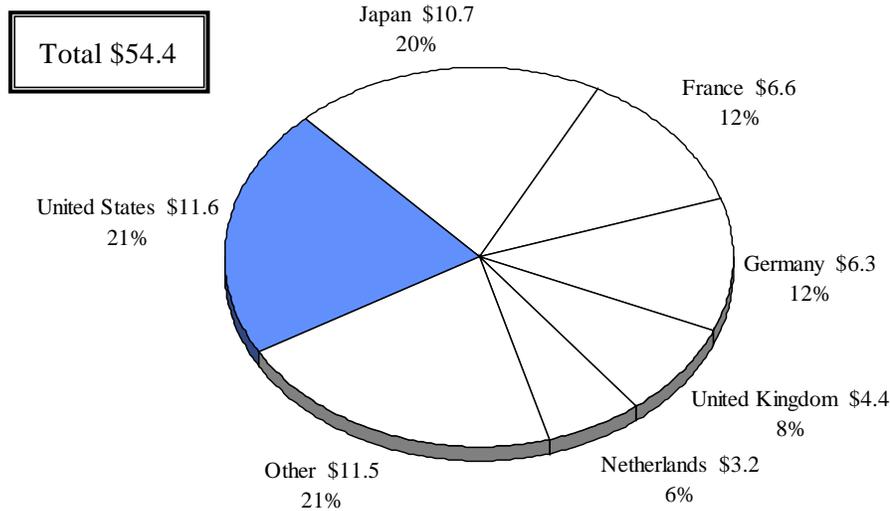
As shown in Chart III-20, disbursements of foreign assistance by the nations included in this Report exceeded \$54 billion in 1998 (the latest year for which reliable data are substantially complete). Of this sum, our allies and partners provided nearly \$43 billion. This aid reflects a commitment to promote democratization, government accountability and transparency, economic stabilization and development, defense economic conversion, respect for the rule of law and internationally recognized human rights, and to provide humanitarian relief. Yet total foreign aid in 1998 represented only 0.24 percent of the combined GDPs of all the nations in this Report, falling below the 0.25 percent reported for 1996 to the lowest level recorded in nearly 30 years. This is due in large part to a continued decline in bilateral assistance.

Chart III-20 also shows that, as in the recent past, the four nations with the largest foreign assistance contributions (in absolute terms) in 1998 were the United States, Japan, France, and Germany. At the other end of the spectrum are those nations that contribute very modest amounts of foreign aid, although this may be justified in the case of countries with relatively low standards of living (e.g., Portugal, Greece, the Republic of Korea, Poland, and the Czech Republic).

Care must be exercised in evaluating year-to-year changes in foreign aid data. First of all, foreign aid flows can be somewhat volatile. For example, the 63 percent increase in Italian contributions in 1998 reflects a renewed commitment to increase Italian aid. This is in sharp contrast to 1997 Italian contributions, which were at the lowest level reported for the decade. The large increase in foreign assistance provided by Japan (14 percent) was partly the result of a series of quickly disbursed loans to countries affected by the Asian financial crisis, and was a marked improvement over the 2 percent decline in 1997. Secondly, irregularities in the timing of disbursements may affect year-to-year comparisons. For example, after a decline of more than 16 percent in 1997, United States contributions grew by 21 percent in 1998. This increase reflects the fact that some 1997 United States annual multilateral contributions were not disbursed until 1998, though there was also real growth in food and emergency aid, especially in Africa. Lastly, time lags in collecting data on nations' foreign aid programs make it difficult to report full information on all countries. Thus, the lack of any foreign assistance data for Turkey in 1998 precludes any comparison to 1997.

Based on the available data, over half of the nations for which data is available achieved real growth in foreign aid provided in 1998 over the preceding year. Bearing in mind the caveats discussed above, increases in reported 1998 foreign assistance over the 1997 levels were reported by Italy (63 percent), Saudi Arabia (23 percent), the United States (21 percent), Luxembourg (17 percent), Japan (14 percent), Belgium (13 percent), the United Kingdom (11 percent), Spain (9 percent), the Netherlands (6 percent), Denmark (2 Percent), Greece (2 percent), Norway (1 percent), and Portugal (1 percent). The Czech Republic and Poland each reported increases of 100 percent for 1998 since they made no contributions in 1997. Among countries with the sharpest reductions were the Republic of Korea (-28 percent), Kuwait (-24 percent), Canada (-16 percent), France (-5 percent), and Germany (-5 percent). For all nations combined, foreign aid increased roughly 8 percent from 1997 to 1998.

Chart III-20
Foreign Assistance
 in Billions of Constant 1999 Dollars
 1998

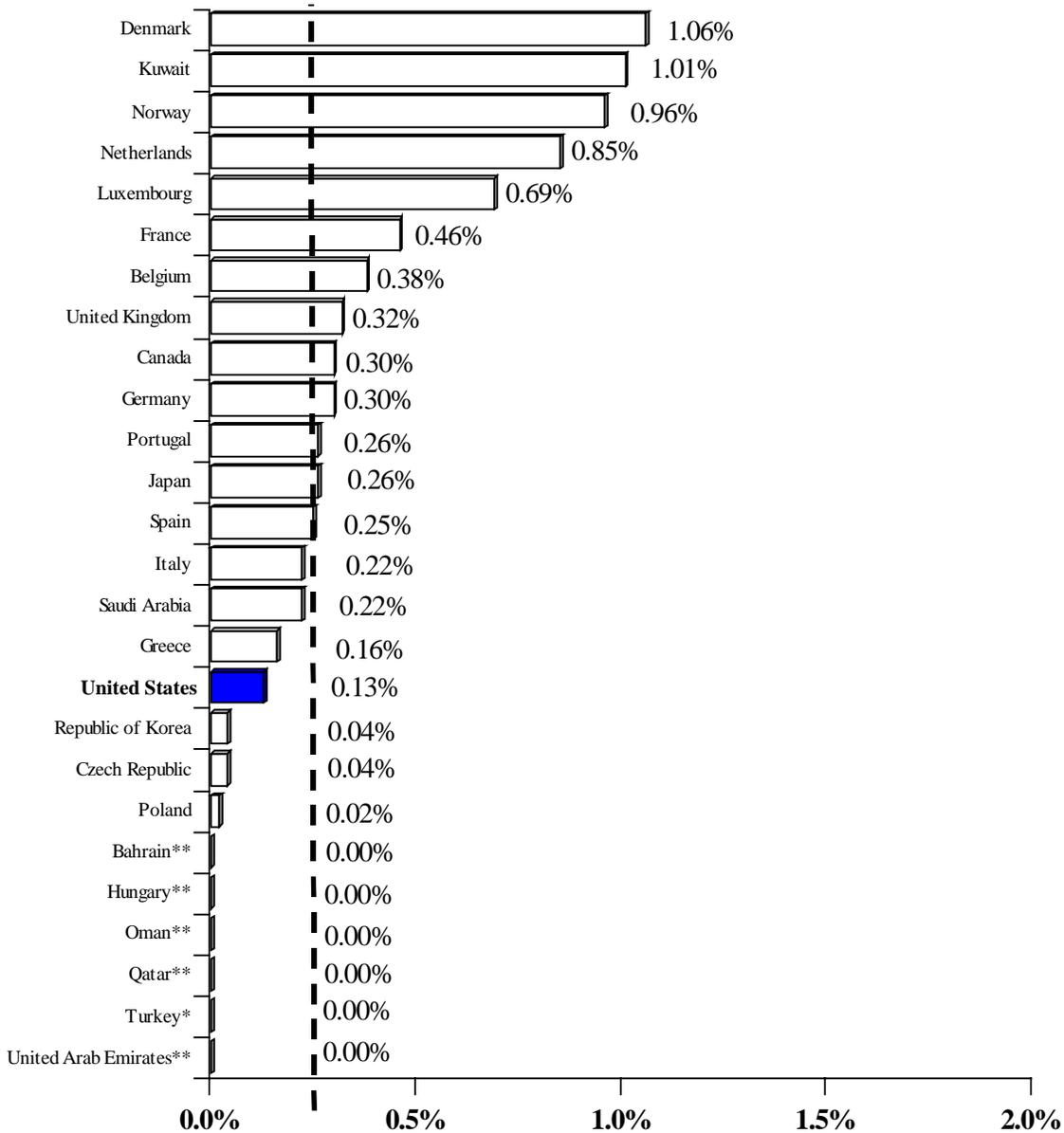


To improve the comparability of foreign assistance contributions among nations, Chart III-21 depicts each nation’s foreign assistance contributions relative to its GDP. From this perspective, the largest grant aid donors are Denmark, Kuwait, Norway, and the Netherlands (the only nations to meet or surpass the UN assistance target of 0.7 percent of GDP). Among nations for which complete data are available, the United States ranks as the fourth lowest of all donor nations assessed in this Report, ahead of only the Republic of Korea, the Czech Republic, and Poland.

Ten of the countries addressed in this Report provided foreign assistance shares significantly (at least 20 percent) greater than their shares of GDP – in addition to the four largest donor countries identified above, this includes Luxembourg, France, Belgium, the United Kingdom, Canada, and Germany.

Chart III-21

Foreign Assistance as a Percentage of GDP 1998



* Following the severe earthquake in Turkey on 17 August 1999, the Turkish authorities are unable to supply data for 1998.

** No data available.

Dashed line represents the defense spending/GDP ratio at which a country's share of aggregate defense spending equals its share of aggregate GDP. Countries at this level are contributing their "fair share" of defense spending. Countries above this level are contributing beyond their "fair share," and conversely.

See Annex, Section C.

Assessment of Foreign Assistance Contributions

In the FY 1997 Defense Authorization Act, Congress established two targets for our allies in the area of foreign assistance: increase foreign assistance by 10 percent compared to the preceding year, or provide foreign assistance at an annual rate that is not less than one percent of GDP. This latter objective is highly ambitious, exceeding the UN target of 0.7 percent of GDP, and surpassing the United States' foreign assistance/GDP ratio by almost a factor of ten.

Nearly half of all nations included in this Report met one of these targets in 1998. Specifically, allies or GCC partners that reported increases of 10 percent or more in foreign aid contributions included Italy (63 percent), Saudi Arabia (23 percent), Luxembourg (17 percent) Japan (14 percent), Belgium (13 percent), and the United Kingdom (11 percent). (Note that these figures may be misleading in light of the anomalies discussed above.) The Czech Republic and Poland reported increases of 100 percent for 1998 since they made no contributions in 1997. Based on ability to contribute, only Denmark (1.06 percent) and Kuwait (1.01 percent) made foreign assistance contributions equalling at least one percent of GDP.

As with other responsibility sharing indicators discussed elsewhere in this Report, the Department believes it is important to evaluate country efforts relative to their GDP share. Using this approach, ten nations had foreign aid shares substantially (at least 20 percent) greater than their GDP shares. As identified earlier, these countries are Denmark, Kuwait, Norway, the Netherlands, Luxembourg, France, Belgium, the United Kingdom, Canada, and Germany.

These assessments are summarized in Charts I-1 and I-2.

CONCLUSION

All but four of the twenty six allied nations addressed in this Report satisfy at least one of the responsibility sharing objectives originally established in the FY 1997 Defense Authorization Act – and nearly half of all allies satisfy at least two of them. France, the Netherlands, Norway, and Portugal failed to achieve any of the Congressional targets, but when the Department's more comprehensive approach of assessing national contributions in relation to ability to contribute is applied, all 26 nations are found to make substantial contributions in at least one of the objective areas. These results are summarized in Chart I-1 and I-2 presented in Chapter I.

The Department believes the overall responsibility sharing picture is positive, but clearly there is still much room for improvement. As noted throughout the Report, there is no one set formula or strategy for increasing allied contributions to collective security that is appropriate for all allied nations. The United States will continue to encourage our allies and partners to assume a greater share of the burden of providing for the common defense using approaches tailored to the circumstances of particular nations or groups of nations. The launching of NATO's Defense Capabilities Initiative (DCI) is an important step in that direction. This Initiative addresses improvements in five major areas: 1) deployability and mobility; 2) sustainability and logistics; 3) consultation, command and control; 4) effective engagement; and 5) survivability of forces and infrastructure. The United States also welcomes and encourages the European Union's ongoing development of a European Security and Defense Identity (ESDI), which has a "Headline Goal" of being able, by 2003, to deploy a force of 50-60,000 troops within 60 days and to be able to sustain it for up to one year.

The responsibility sharing efforts of our non-NATO allies and security partners also present a generally positive picture. The members of the Gulf Cooperation Council (GCC) continue to provide exceptional host nation support, and maintain unusually high levels of

defense spending – particularly considering their relatively low per-capita GDPs. The Republic of Korea continues to supply the bulk of the funding for the Korean Energy Development Organization (KEDO) despite its slow recovery from the effects of the Asian economic crisis, and thereby makes a vital contribution to holding North Korea's nuclear program in check. Japan provides the highest level of cost sharing for forward-based U.S. forces of any allied nation, but continuing slow economic growth has prompted some speculation in Japan about reducing contributions under the terms of the new Special Measures Arrangement (SMA) that will succeed the current SMA when it expires in 2001. The Department is committed to maintaining Japan's existing level of cost-sharing support for U.S. forces.

The 21st Century will certainly present many global challenges that will impact U.S. and allied defense budgets, including regional conflicts, economic strife, and humanitarian missions. The Department believes that the nations covered in this Report have developed a heightened awareness of these challenges, and thus recognize the importance of continuing to increase their efforts to share the roles, risks, and responsibilities of defending shared security interests. The Department is committed to continuing its efforts to convince allied and partner nations to maintain and increase their responsibility sharing contributions.

Chart III-22

Responsibility Sharing Indicators Comparisons of Last Two Years of Available Data

Country	Defense Spending / GDP			Share of U.S. Overseas Stationing Costs Paid by Allies			Foreign Assistance Millions of Constant 1999 Dollars		
	1998	1999	1998-99	1997	1998	1997-98	1997	1998	1997-98
			% Change			% Change			% Change
United States	3.2%	3.2%	-1.4%	NA	NA	NA	\$9,592	\$11,637	21.3%
Belgium	1.5%	1.5%	-0.8%	17.6%	23.7%	34.4%	\$851	\$966	13.4%
Canada	1.3%	1.2%	-4.8%	N/App	N/App	N/App	\$2,214	\$1,869	-15.6%
Czech Republic	2.1%	2.2%	6.8%	N/A	N/A	N/A	NA	\$19	100.0%
Denmark	1.6%	1.6%	-1.6%	0.1%	0.1%	22.3%	\$1,842	\$1,870	1.5%
France	2.8%	2.8%	0.1%	N/App	0.0%	N/App	\$6,993	\$6,624	-5.3%
Germany	1.6%	1.5%	-0.2%	25.7%	22.2%	-13.6%	\$6,635	\$6,289	-5.2%
Greece	4.8%	4.9%	1.3%	34.6%	42.5%	22.8%	\$197	\$200	1.9%
Hungary	1.5%	1.6%	1.3%	N/A	N/A	N/A	NA	NA	NA
Italy	2.0%	2.0%	-1.0%	65.6%	60.1%	-8.4%	\$1,586	\$2,580	62.7%
Luxembourg	0.9%	0.9%	0.4%	39.8%	39.7%	-0.1%	\$100	\$116	16.7%
Netherlands	1.8%	1.8%	-3.1%	5.9%	5.3%	-10.3%	\$3,060	\$3,229	5.5%
Norway	2.3%	2.2%	-4.9%	33.4%	60.3%	80.5%	\$1,417	\$1,435	1.2%
Poland	2.2%	2.2%	-1.4%	N/A	N/A	N/A	NA	\$31	100.0%
Portugal	2.2%	2.2%	0.6%	5.5%	5.2%	-4.3%	\$285	\$289	1.3%
Spain	1.4%	1.4%	-0.3%	46.9%	45.5%	-3.0%	\$1,296	\$1,415	9.2%
Turkey	4.4%	5.6%	25.4%	15.9%	25.5%	61.1%	\$278	NA	NA
United Kingdom	2.7%	2.6%	-4.4%	15.6%	17.4%	11.7%	\$3,966	\$4,414	11.3%
Non-US NATO Total	2.1%	2.1%	-1.2%	33.0%	31.4%	-4.7%	\$30,719	\$31,347	2.0%
Japan	1.0%	1.0%	2.8%	75.4%	76.2%	1.1%	\$9,411	\$10,698	13.7%
Republic of Korea	3.2%	2.8%	-11.2%	41.1%	41.3%	0.5%	\$234	\$169	-27.9%
Pacific Allies Total	1.2%	1.2%	0.2%	65.9%	67.0%	1.8%	\$9,645	\$10,866	12.7%
Bahrain	6.7%	4.7%	-30.3%	16.8%	5.6%	-66.8%	NA	NA	NA
Kuwait	14.3%	10.3%	-27.9%	NA	NA	NA	\$383	290	-24.2%
Oman	13.6%	11.0%	-19.1%	NA	NA	NA	NA	NA	NA
Qatar	13.7%	12.8%	-6.9%	NA	64.6%	NA	NA	NA	NA
Saudi Arabia	15.8%	13.8%	-12.8%	58.6%	57.6%	-1.7%	\$238	\$292	22.9%
United Arab Emirates	7.3%	8.7%	18.8%	NA	NA	NA	NA	NA	NA
GCC Total	13.6%	12.0%	-12.2%	NA	NA	NA	\$621	\$583	-6.2%
GRAND TOTAL	2.5%	2.4%	-1.7%	48.2%	48.2%	0.0%	\$50,578	\$54,434	7.6%

Yearly data rounded. Percent change calculated using non-rounded figures.

NA (Not Available)

N/App (Not Applicable)

Chart III-22 (Cont'd.)
Responsibility Sharing Indicators
Multinational Military Activities Indicators
Comparisons of Last Two Years of Available Data

Country	Reaction Forces Share Relative to GDP Share			Share of Ground Combat Forces Available for Peacekeeping Relative to GDP Share			UN Operations					
	1998	1999	1998-99 % Change	1998	1999	1997-98 % Change	Peacekeeping Funding Millions of Constant \$99			Peacekeeping Personnel		
							1997	1998	% Change	1998	1999	% Change
United States	0.7	0.5	-18.3%	0.5	0.5	-0.2%	\$307.4	\$208.8	-32.1%	583	648	11.1%
Belgium	2.4	2.5	1.6%	3.5	3.5	1.5%	\$12.2	\$9.2	-24.0%	11	11	0.0%
Canada	0.7	0.8	13.3%	2.1	2.2	0.5%	\$28.5	\$23.1	-18.8%	297	344	15.8%
Czech Republic	0.1	0.1	-0.1%	2.7	2.8	3.9%	\$9.8	\$1.4	-85.3%	8	19	137.5%
Denmark	2.9	3.2	10.4%	2.5	2.5	1.8%	\$7.2	\$5.6	-22.0%	116	91	-21.6%
France	1.4	1.5	2.9%	1.9	1.9	1.1%	\$69.8	\$68.1	-2.4%	664	522	-21.4%
Germany	0.8	0.9	16.5%	1.2	1.3	1.6%	\$88.7	\$78.8	-11.2%	190	386	103.2%
Greece	9.0	10.1	12.2%	3.5	3.5	0.4%	\$2.0	\$2.1	6.5%	12	26	116.7%
Hungary	4.8	4.9	2.8%	9.1	3.0	-66.9%	\$0.3	\$0.2	-25.7%	165	176	6.7%
Italy	1.5	1.5	-2.2%	2.2	2.3	2.0%	\$59.9	\$46.5	-22.4%	194	147	-24.2%
Luxembourg	1.0	1.0	-3.8%	3.2	3.2	0.2%	\$0.6	\$0.5	-6.3%	0	0	0.0%
Netherlands	3.1	3.5	13.6%	3.5	3.5	1.2%	\$15.5	\$13.6	-11.9%	169	164	-3.0%
Norway	2.9	1.8	-36.7%	2.9	2.9	2.8%	\$5.6	\$5.1	-9.4%	153	43	-71.9%
Poland	2.9	4.2	42.7%	3.1	3.1	-0.1%	\$2.3	\$5.3	131.2%	1,053	1,068	1.4%
Portugal	3.2	3.5	9.1%	4.0	4.0	0.3%	\$1.7	\$0.6	-65.8%	155	57	-63.2%
Spain	1.8	1.8	2.6%	2.4	2.4	0.1%	\$23.4	\$19.3	-17.6%	71	114	60.6%
Turkey	7.8	8.0	2.8%	6.9	7.0	1.9%	\$0.0	\$1.0	*	42	91	116.7%
United Kingdom	2.4	2.6	5.5%	0.9	1.0	2.7%	\$67.6	\$50.9	-24.7%	416	440	5.8%
Non-US NATO Total	1.9	2.0	6.2%	1.7	1.7	-0.4%	\$394.8	\$331.3	-16.1%	3,716	3,699	-0.5%
Japan	0.0	0.0	NA	0.0	0.0	0.0%	\$145.6	\$155.7	6.9%	44	30	-31.8%
Republic of Korea	0.0	0.0	NA	1.1	1.1	-1.1%	\$1.6	\$2.1	35.8%	32	32	0.0%
Pacific Allies Total	0.0	0.0	NA	0.1	0.1	3.8%	\$147.2	\$157.8	7.2%	76	62	-18.4%
Bahrain	2.7	2.5	-7.7%	0.0	0.0	0.0%	\$0.0	\$0.0	-26.6%	0	0	0.0%
Kuwait	1.9	1.7	-11.5%	0.0	0.0	0.0%	\$0.4	\$0.1	-68.9%	0	0	0.0%
Oman	1.1	1.1	-2.3%	0.0	0.0	0.0%	\$0.1	\$0.0	-56.2%	0	0	0.0%
Qatar	1.6	1.6	-1.6%	0.0	0.0	0.0%	\$0.1	\$0.3	120.9%	0	0	0.0%
Saudi Arabia	0.4	0.4	-0.6%	0.0	0.0	0.0%	\$1.7	\$0.0	-98.5%	0	0	0.0%
United Arab Emirates	0.4	0.4	-3.5%	0.0	0.0	0.0%	\$0.4	\$1.8	338.7%	0	0	0.0%
GCC Total	0.7	0.7	-2.8%	0.0	0.0	0.0%	\$2.8	\$2.3	-16.9%	0	0	0.0%
GRAND TOTAL	1.0	1.0	0.0%	1.0	1.0	0.0%	\$852.2	\$700.2	-17.8%	4,375	4,409	0.8%

Yearly data rounded. Percent change calculated using non-rounded figures.
NA (Not Available)

* Turkey's 1997 peace support funding was extremely low, but funding returning to a normal level in 1998 resulting in a very high percentage change.